

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE D.T.E.
D.T.E. 05-27

Date: July 20, 2005

Responsible: Lawrence R. Kaufmann, Consultant (PBR)

RR-DTE-61: Provide the estimated cost of Pacific Economics Group's work for Bay State for all services provided after the preparation of Direct Testimony. (i.e., for hearings, discovery, etc.).

Response: In our response to Bay State's request for proposal, we estimated these costs would total \$42,700. This did not include the preparation of rebuttal testimony but did include the following cost estimates.

Labor costs

Support direct testimony (respond to discovery, etc.)	\$19,100
Assist in interrogation other witnesses	\$ 5,625
Attend hearings at DTE	\$ 5,625
Respond to record requests	\$ 7,100
Assist in legal brief	\$ 2,250
 Total estimated labor costs	 \$39,700
 Costs of travel and misc. expenses	 \$ 3,000
 Total estimated costs	 \$42,700

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RR-DTE-62: Provide a copy of Cinergy's accelerated main replacement program (AMRP) and the Order approving that program.

Response: Attached are two documents related to the AMRP. Attachment RR-DTE-62 (a) is the Stipulation and Recommendation (April 17, 2002), and Attachment RR-DTE-62 (b) is the Opinion and Order (May 30, 2002). It may be of interest that both documents refer to the AMRP as an "alternative rate plan," which in many jurisdictions is synonymous with a form of performance-based regulation.

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION)
OF THE CINCINNATI GAS & ELECTRIC) CASE NO. 01-1228-GA-AIR
COMPANY FOR AN INCREASE IN GAS)
RATES IN ITS SERVICE AREA)

IN THE MATTER OF THE APPLICATION)
OF THE CINCINNATI GAS & ELECTRIC)
COMPANY FOR APPROVAL OF AN) CASE NO. 01-1478-GA-ALT
ALTERNATIVE RATE PLAN FOR ITS)
GAS DISTRIBUTION SERVICE)

IN THE MATTER OF THE APPLICATION)
OF THE CINCINNATI GAS & ELECTRIC) CASE NO. 01-1539-GA-AAM
COMPANY FOR APPROVAL TO CHANGE)
ACCOUNTING METHODS)

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code (OAC) provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such proceeding. The purpose of this document is to set forth the understanding of the parties who have signed below (Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt, as part of its Opinion and Order in these proceedings, this Stipulation resolving all of the issues in the above captioned proceeding. This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of all issues in this proceeding; violates no

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regulatory principle or precedent; and is the product of lengthy, serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the Parties to settle this case. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by Parties representing a wide range of interests, including the Commission's Staff.¹ For purposes of resolving all issues raised by these proceedings, the Parties stipulate, agree and recommend as set forth below.

Except for enforcement purposes, neither this Stipulation nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any Party, or the Commission itself, if the Commission approves the Stipulation and Recommendation, other than a proceeding to enforce the terms of this Stipulation. This Stipulation and Recommendation is a compromise involving a balancing of competing positions, and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

The Parties believe that this Stipulation represents a reasonable compromise of varying interests. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without

¹ Staff will be considered a party for the purpose of entering into this Stipulation by virtue of O.A.C. Rule 4901-1-10(c).

material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within 30 days of issuance of the Commission's order, to file an application for rehearing. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification, any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within 30 days of the Commission's entry on rehearing. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Parties shall be afforded the opportunity to present evidence through witnesses, to cross-examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

All the Signatory Parties fully support this Stipulation and urge the Commission to accept and approve the terms hereof.

WHEREAS, the agreements herein represent a comprehensive solution to the issues raised in these proceedings;

WHEREAS, all of the issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation,

and reflect as a result of such discussions compromises by the Parties to achieve an overall reasonable resolution of all such issues;

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Parties, and is not intended to reflect the views or proposals that any individual party may have advanced acting unilaterally, and this Stipulation represents an accommodation of the diverse interests represented by the Parties, and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable;

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in these proceedings;

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in this proceeding in accordance with the following:

1. The Parties agree that CG&E shall receive a revenue increase of \$15,063,309, calculated as shown on Stipulation Exhibit 2.
2. The Parties agree to the revenue distribution, billing determinants, and rates shown on Stipulation Exhibit 2.

3. The Parties agree that CG&E shall amortize existing regulatory assets requested for recovery in its filing in these cases as recommended in the Staff Report of Investigation as filed on January 18, 2002, and as in the updated Staff Report of Investigation. The update to the Staff Report of Investigation is attached as Stipulation Exhibit 1.
4. The Parties agree that the initial charges for Rider AMRP, set for the period beginning on the effective date of rates in these cases until the effective date of the next Rider AMRP rate approved by the Commission, are as shown on Stipulation Exhibit 3. References herein, and in Stipulation Exhibit 3, to specific dates for Rider AMRP implementation, mean the first billing cycle of the applicable revenue month. It is the intention of the Parties that the Rider AMRP increases will be implemented on a bills rendered basis, except for IT customers for whom increases will be implemented on a service rendered basis, in the next billing cycle after the increase is approved, and will continue in effect until the next Rider AMRP increase becomes effective in the same manner. Such initial Rider AMRP rates are not subject to the requirements set forth in paragraph 5 of this Stipulation.
5. Subject to CG&E's obligation to defend continuation of the AMRP Rider as specified herein, the Parties agree that the rates for Rider

AMRP, from May 1, 2003, through May 1, 2007, shall be set subject to the rate caps shown on Stipulation Exhibit 4; however, notwithstanding the rate caps shown on Stipulation Exhibit 4, the fixed monthly charge for the residential class shall not be increased by more than an incremental \$1.00 in each of the years 2004, 2005, 2006, and 2007. CG&E shall refund to residential customers any annual over-recovery of the residential revenue requirement established in each annual proceeding to be filed by CG&E in accordance with paragraph 6 of this Stipulation. Any refund shall occur by an adjustment in the Rider AMRP fixed monthly charge assigned to residential customers in the subsequent year. The AMRP Rider rates set in the May 1, 2007 proceeding shall continue in effect until the effective date of the rates set in CG&E's next base rate case subject to Rider AMRP rate changes through annual updates as described in paragraph 6, but in no event shall such rates exceed the rate set in the May 1, 2007 proceeding. In any base rate case, filed subsequent to the effective date of rates established in the instant case, if CG&E wishes to continue Rider AMRP, it must specifically request such continuance, and any party is free to challenge such continuance.

6. CG&E will file an application annually, beginning November 2002, with a pre-filing notice demonstrating the justness and

reasonableness of the level of recovery of expenditures associated with the accelerated main replacement program (AMRP). The annual filing will support the adjustment to CG&E's revenue requirement for increases to Rider AMRP as set forth in this paragraph. The November pre-filing notice will consist of nine months of actual and three months of projected data, will set the then-current calendar year as the test year, and will set December 31 of the applicable year as the date certain. CG&E shall make its Application and file an update of full year actual data by February 28 of each year. Staff shall conduct an investigation of CG&E's filing and, unless Staff finds CG&E's filing to be unjust or unreasonable or if any other party granted intervention by the Commission files an objection that is not resolved by CG&E by April 1, of each year, the Staff shall recommend approval of CG&E's application for an increase of the Rider AMRP rate to the Commission to be effective with the first billing cycle for the May revenue month. If the Staff determines that CG&E's application to increase Rider AMRP is unjust or unreasonable, or if any other party granted intervention by the Commission files an objection that is not resolved by CG&E, the parties will not object to an expedited hearing process in order to effectuate, to the extent practicable, the implementation of Rider AMRP in the first billing

cycle for the May revenue month, or the first billing cycle of the revenue month following the Commission's decision. CG&E shall continue to make its Rider AMRP annual filing until the effective date of the Commission's order in CG&E's next base rate case. CG&E's revenue requirement calculation and Rider AMRP application filed with the Commission shall include the original cost and accumulated reserve for depreciation of property associated with the AMRP Program that is used and useful on December 31 of the prior year in the rendition of service as such property is associated with the AMRP Program, including capital expenditures for new plant (including but not limited to new mains and services), adjustments for the retirement of existing assets, calculated Post in Service Carrying Charges (PISCC) on net plant additions and related deferred taxes until included in rates for collection in Rider AMRP, a proper annual depreciation expense; and, any sums of money or property that CG&E may receive to defray the cost of property associated with the AMRP capital expenditures. The rate of return assigned to the recovery of all such net capital expenditures shall be at 9.10%, the midpoint of Staff's range on line 4 of Stipulation Exhibit 1. Neither the revenue distribution proposed by Rider AMRP, the accounting provisions contained in this paragraph 6, nor the allocation provision in

paragraph 7 below, shall have any precedential value in CG&E's next base rate case. Any gas cost savings resulting from the AMRP Program shall be realized through the GCR. CG&E shall use operations and maintenance savings resulting from the AMRP to reduce Rider AMRP as described in paragraph 10. CG&E shall include incremental property taxes associated with net plant additions, expenses associated with the cost of meter relocations and all customer owned service lines in accordance with the Staff report at page 80. All other components of CG&E's revenue requirement related to the AMRP Program shall continue as determined by the Commission's Order in these cases until the Commission's Order in CG&E's next base rate case. CG&E shall not oppose the right of any interested party to legally permissible discovery and/or a hearing in the annual Rider AMRP proceeding.

7. For each annual Rider AMRP update, CG&E will allocate the AMRP revenue requirement to each class based on the respective class' proportionate share of base revenues (not including Rider AMRP revenues) for each applicable test year set in the annual Rider AMRP update described in paragraph 6, and subject to the rate caps shown in Exhibit 4. This paragraph and the revenue distribution produced for Rider AMRP have no precedential value

concerning revenue allocation or cost of service in CG&E's next base rate case.

8. The Parties agree that to the extent necessary to accurately capture the Post in Service Carrying Charges associated with the AMRP Program for inclusion in the subsequent year's Rider AMRP in accordance with the Staff Report at page 80, CG&E is authorized to create the necessary regulatory assets. Such regulatory assets will be included in unique sub-accounts of Account 182.3, Other Regulatory Assets, and will be subject to review by all parties in the annual Rider AMRP filing. CG&E shall calculate the Post in Service Carrying Charges from the date that the applicable assets are used and useful until the next effective date of the AMRP Rider.
9. Concurrent with the filing of this Stipulation CG&E agrees to file a motion dismissing its pending alternative regulation application in Case No. 01-1478-GA-ALT, requesting that the Commission close that case, conditioned upon the Commission's issuance of a final non-appealable order approving this Stipulation in Cases No. 01-1228-GA-AIR and 01-1539-GA-AAM.
10. The Parties agree that CG&E shall maintain its commitments until the effective date of the Commission's order in the next base rate case, as listed in the Staff Report of Investigation filed January 18,

2002, at 72-73, notwithstanding the dismissal of Case No. 01-1478-GA-ALT.

11. Before implementing any further incremental rate increases related to the AMRP Program, other than Rider AMRP increases contemplated by this Stipulation under the rate caps shown on Stipulation Exhibit 4, CG&E will demonstrate the reasonableness of such further increases in a base rate proceeding initiated by CG&E or any other interested party. The Rider AMRP charges set under this Stipulation will continue until the implementation of revised rates, if any, after the Commission issues its final order in such case. Nothing in this Stipulation prevents any interested party from initiating at any time, a R. C. 4905.26 complaint case challenging the level of the Rider AMRP rate and seeking an adjustment to such rate, but not the existence and structure of Rider AMRP.
12. CG&E shall not file a base rate case before January 1, 2004, except attributable to circumstances directly resulting from an emergency as declared by a jurisdictional governmental authority or resulting from changes to existing statutory or administrative laws or regulations.
13. The Parties agree that CG&E shall file its tariffs in these cases such that individual customers will continue to be responsible for

the cost of initial installation of curb-to-meter services; thereafter, CG&E shall assume the financial responsibility for repair, replacement and maintenance of all curb-to-meter services. For this purpose, the Parties agree to the tariff amendments attached as Stipulation Exhibits 9 and 10, respectively.

14. CG&E agrees that prior to the implementation of Rider AMRP, it shall work in good faith to implement the following:
 - (a) Provide Staff and OCC a plan for general customer notification pursuant to the Commission's order in these cases and for consumer education and notification of the Rider AMRP program, including the change in curb-to-meter responsibility and how CG&E is planning to address any consumer complaints.
 - (b) Prior to printing and distributing to share with Staff and OCC the consumer education materials that CG&E plans to use.
 - (c) Schedule neighborhood meetings and inform Staff and OCC of such schedule so that representatives from Staff and OCC may participate and/or provide other materials.
15. The Parties agree that with respect to the Company's gas Underground Protection™ program, CG&E shall:
 - (a) Terminate the Underground Protection™ program related to gas on the date that rates are effective in these cases.
 - (b) Refund customers' money for any prepayments applicable to time periods after the date upon which rates are effective in these cases.
16. The Parties agree that CG&E shall implement the following PIPP arrearage-crediting program:

- CG&E shall credit to a zero balance, the PIPP Arrearages that are aged twelve months or more of gas customers who are enrolled in the PIPP program as either active or inactive PIPP customers on the effective date of rates in these cases, and of gas customers who are enrolled in the PIPP Arrears Crediting Program on the effective date of rates in these cases. Such crediting shall occur on or before December 31, 2002.
- CG&E shall implement, no later than December 31, 2002, a one-time credit to a zero balance of all PIPP gas arrearages that are aged twelve months or more of gas customers whose PIPP accounts have been finalized. CG&E will not pursue collection efforts for such PIPP gas arrearages that are aged twelve months or more as of the date that the one-time credit is implemented (other than through the PIPP Rider). For PIPP gas arrearages that are aged less than twelve months or that a customer accumulates on a going-forward basis, CG&E reserves the right to pursue collection. CG&E will grant new service or reconnection of service even when a PIPP customer has PIPP arrearages if the customer is current on their PIPP installment(s) when the customer seeks to obtain new service or reconnection of service.

17. The Parties agree that, in addition to the weatherization commitment contained in paragraph 10 above, CG&E shall enter into contracts no later than July 1, 2002, with a combined total of no more than \$65,000 per year, prorated for 2002, for furnace replacement programs with the Clermont County Community Action Agency and Cincinnati-Hamilton County Community Action Agency. Such contracts shall continue in force until December 31, 2005, at which time CG&E shall continue annual funding of no more than \$65,000 toward weatherization programs through bid

contracts or until CG&E's next base rate case, whichever comes first. CG&E shall continue to fund no more than \$65,000 annually for weatherization projects until the Commission establishes by order an effective date for rates in CG&E's next gas base rate case.

18. CG&E agrees to maintain training standards developed and implemented on March 5, 2002, for its customer service representatives to ensure that CG&E's customer service representatives inform PIPP eligible customers of the PIPP program.
19. CG&E agrees to actively offer and promote all payment plans including the 1/3 payment plan option, currently known as the Special Winter Provision (SWP) payment plan option, to consumers in the manner shown on Stipulation Exhibit 5. CG&E will offer the 1/6 payment plan throughout the year and will offer the 1/3 payment plan during the winter months.
 - (a) CG&E shall provide Staff and OCC with statistics on the number of consumers on the 1/6 and the 1/3 payment plans for each winter heating season.
 - (b) Subsequent to the performance of 18(a) above, CG&E shall provide to Staff and OCC a quarterly report of the number of consumers on the 1/6 and 1/3 payment plans during each winter heating season until the next base rate case.
20. CG&E shall offer residential customers payment plans (of three equal installments) as shown on Stipulation Exhibit 6 for collection

of either new deposits or deposits required as a result of re-establishing financial responsibility.

21. The Parties agree that the tariff attached as Stipulation Exhibit 7 resolves all issues related to CG&E's main line extension policy.
22. CG&E will prepare and provide to Staff and OCC an annual assessment, in the form of a report or presentation, on the status of Automated Meter Reading (AMR) in CG&E's service territory. The first such assessment will be provided before January 1, 2003. The assessment will include technical alternatives that are being considered, potential emerging technologies, cost/benefit analysis, definition of a specific payback period and the number of AMR units installed since the last report, by customer class.
23. The Parties agree to CG&E's amended tariff attached as Stipulation Exhibit 8 concerning notice to tenants of landlords, where the landlord is the utility customer, prior to disconnection due to either non-payment or the request of the landlord-customer.
24. CG&E agrees that it shall amend the language in its gas tariffs to be consistent with its electric tariffs such that customers that choose a gas marketer and become delinquent are returned to gas system supply in the same enumerated time frame as customers that choose a CRES provider and become delinquent are returned to standard offer electric service.

25. The Parties agree that the updated Staff Report of Investigation resolves the following issues not otherwise specified in this Stipulation or the exhibits attached hereto: Rate DGS; Rate SSIT; Rate IDBS; Rate GS-AC; Rate RS-AC; Rate FTDC; Rate FTMC; Rate TOP Transportation; Rate FSTC; Rate ISTC; Schedules B-3.2 and B-3.2(A); and Rate FRAS except that CG&E agrees to maintain surety bonds as a credit option on Rate FRAS.
26. The Signatory Parties, with the exception of CG&E and Staff, agree to withdraw such Parties' objections and testimony.

The undersigned hereby stipulate and agree and each represents that it is authorized to enter into this Stipulation and Recommendation this

17th day of April, 2002.

THE CINCINNATI GAS & ELECTRIC COMPANY

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Doc. no. 91406

Stipulation Ex. 1, 1 of 2

SCHEDULE A-1

THE CINCINNATI GAS & ELECTRIC COMPANY
Case No. 01-1228-GA-AIR
Revenue Requirements

	Applicant (a)	Staff	
		Lower Bound	Upper Bound
(1) Rate Base (b)	\$ 457,102,454	\$ 415,762,603	\$ 415,762,603
(2) Adjusted Operating Income (c)	\$ 27,400,942	29,352,735	\$ 29,352,735
(3) Rate of Return Earned (2) / (1)	5.99%	7.06%	7.06%
(4) Rate of Return Recommended (d)	9.43%	8.86% (f)	9.34% (f)
(5) Required Operating Income (1) x (4)	\$ 43,104,761	\$ 36,840,724	\$ 38,832,227
(6) Income Deficiency (5) - (2)	\$ 15,703,819	\$ 7,487,989	\$ 9,479,492
(7) Gross Revenue Conversion Factor (e)	1.6425756	1.638030	1.638030
(8) Revenue Increase Required (6) x (7)	\$ 25,794,710	\$ 12,265,550	\$ 15,527,692
(9) Revenue Increase Recommended	26,013,745	12,265,550	15,527,692
(10) Adjusted Operating Revenue (c)	458,331,387	411,203,196	411,203,196
(11) Revenue Requirements (9) + (10)	\$ 484,345,132	\$ 423,468,746	\$ 426,730,888
(12) Increase Over Current Revenue (9) / (10)	5.68%	2.98%	3.78%

- (a) Applicant's Second Supplemental Filing, Volume 8, (October 5, 2001)
(b) Staff's Schedule B-1
(c) Staff's Schedule C-2
(d) Refer to Rate of Return Section
(e) Staff's Schedule A-1.1
(f) Settlement Response to Applicant's Objection 16a and 16b

THE CINCINNATI GAS & ELECTRIC COMPANY
Case No. 01-1228-GA-AIR
Staff's Update to Staff Report of Investigation

1. Schedule A-1-Revenue Requirements – Revise Rate of Return Recommended to 8.86% for Lower Bound and 9.34% for Upper Bound resulting from change in long-term debt component.
2. Schedule B-5-Working Capital – Revise payroll lead days from 45.64 to 28.07 to reflect one-half year vacation pay lead as discussed in Applicant's Objection 2a.
3. Schedule B-3.2a-Accrual Rate Comparison – Revised Account 376-2761 Mains–Cast Iron & Copper from an average service life of 60 to 58. Revised Account 380-2801 Services–Cast Iron & Copper from an average service life of 48 to 46. Both are in response to Applicant's Objection 12b.
4. Schedule C-4-Calculation of Federal Income Taxes – Revised weighted cost of debt from 3.62% to 3.68% taking into account the amortization period for individual debt issues. This is in response to Applicant's Objections 16a and 16b.
5. Schedule C-4-Calculation of Federal Income Taxes – Updated the calculation of federal income taxes to include an additional tax deferred depreciation of \$392,217 resulted from the Staff's recommended depreciation accrual rates. Also, to include other deferred taxes of \$19,524, which are being written back at tax rates other than 35%, or have permanent differences related to them. This is in response to Applicant's Objection 14.
6. Schedule B-6-Other Rate Base Items - Updated the calculation of deferred taxes in Accounts 190, 282, & 283 to include the date certain balances of these accounts as shown in the application, and to continue excluding the deferred balances of several miscellaneous items, which were excluded in Case No. 95-656-GA-AIR, and the deferred balance associated with Order 636. This is in response to Applicant's Objection 3.
7. Schedule C-3.13-Riser Inspection Program Expense – Revised amortization period to four years responding to Applicant's Objection 10b and 10c.
8. Schedule C-3.15-Rate Case Expense - Revised amortization period to four years responding to Applicant's Objection 11.

Stipulation Exhibit 2

The Cincinnati Gas & Electric Company

CG&E Gas Rate Case Settlement Proposal

Rate Class	Current Base Revenue	Proposed Revenue Increase	Proposed Base Revenue	Billing Determinates (1)		Proposed Rate Customer/ Administrative Charge	Per Mcf Charge
				# of Bills	Sales (Mcf)		
Residential Service (RS)	\$ 80,454,482	\$ 9,894,405	\$ 90,348,887	3,768,726	32,059,028	\$ 6.00	\$ 1.8591
Residential - Firm Transportation (RFT)	12,972,025	1,605,077	14,577,102	653,409	5,044,691	\$ 6.00	\$ 1.8591
Total Residential	93,426,507	11,499,482	104,925,989				
General Service (GS)	24,853,897	2,276,796	27,130,693	301,474	11,649,376	\$ 21.00	\$ 1.6300 First 100 Mcf \$ 1.5700 Next 400 Mcf \$ 1.5400 Additional Mcf
Firm Transportation (FT)	17,889,950	1,163,020	19,052,970	77,887	10,096,819	\$ 21.00	\$ 1.6300 First 100 Mcf \$ 1.5700 Next 400 Mcf \$ 1.5400 Additional Mcf
Interruptible Transportation (IT)	10,751,263	-	10,751,263	2,180	16,500,968	\$ 595.86	\$ 0.4916
Total Non-Residential	53,495,110	3,439,816	56,934,926				
Late Payment Charges	3,749,543	124,011	3,873,554				
Total	\$ 150,671,160	\$ 15,063,309	\$ 165,734,469				

Note: (1) From Company's Schedule E-4.

Stipulation Exhibit 3

The Cincinnati Gas & Electric Company

Rider AMRP - Year 2002

Rate Class	Rate (1)
Residential Service (RS)	\$ 1.00
Residential - Firm Transportation (RFT)	\$ 1.00
General Service (GS)	\$ 3.75
Firm Transportation (FT)	\$ 3.75
Interruptible Transportation (IT)	\$ 0.01

(1) Rate for IT is cents per Mcf subject to monthly \$500 cap. Rate for other classes is the fixed dollar amount per month.

Stipulation Exhibit 3

The Cincinnati Gas & Electric Company

Rider AMRP - Year 2002

Rate Class	Rate (1)
Residential Service (RS)	\$ 1.00
Residential - Firm Transportation (RFT)	\$ 1.00
General Service (GS)	\$ 3.75
Firm Transportation (FT)	\$ 3.75
Interruptible Transportation (IT)	\$ 0.01

(1) Rate for IT is cents per Mcf subject to monthly \$500 cap. Rate for other classes is the fixed dollar amount per month.

Stipulation Exhibit 4

The Cincinnati Gas & Electric Company

Rider AMRP - Years 2003 through 2007

Rate Class	Rate Caps (1)				
	2003	2004	2005	2006	2007
Residential Service (RS)					
Residential - Firm Transportation (RFT)	\$ 2.00	\$ 3.00	\$ 4.00	\$ 5.00	\$ 6.00
General Service (GS)					
Firm Transportation (FT)	\$ 10.43	\$ 15.55	\$ 20.60	\$ 25.56	\$ 30.44
Interruptible Transportation (IT)	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03

(1) Rate for IT is cents per Mcf subject to monthly \$500 cap. Rate for other classes is the fixed dollar amount per month.

Stipulation Exhibit 5
CG&E Plan for Promoting Payment Plan Options

CG&E agrees to offer and promote its payment plans, including the 1/6 payment plan option and the 1/3 payment plan option (currently known as the Special Winter Provision payment plan), to consumers in the following manner:

- Annual bill inserts
- Brochures at walk-in offices
- Call Center training and help screens
- Disconnect notices
- Send materials on payment plan options to local community action agencies and other nonprofits providing energy services to consumers in CG&E's service territory
- Work through the Customer Collaborative and through separate meetings detailed in Paragraph 17 of the Stipulation to disseminate information on payment plan options to community action agencies and other nonprofits providing energy services to consumers
- Sponsor an annual training session for community action agencies and other nonprofits providing energy services to consumers on payment plan options for customers

Stipulation Exhibit 6

CG&E agrees to offer payment plans for collection of either new residential deposits or residential deposits required as a result of re-establishing financial responsibility due to the customer receiving notice of non-payment. Such payment plans shall be in three equal monthly installments. CG&E will not refuse to provide new service or disconnect existing service for nonpayment of a residential deposit as long as the residential customer is in compliance with his or her obligations under such payment plan for payment of the deposit in installments.

Doc. no. 91314

The Cincinnati Gas & Electric Company
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Sheet No. 62.2
Cancels and Supersedes
Sheet No. 62.1
Page 1 of 2

(C)

RIDER X

MAIN EXTENSION POLICY

APPLICABILITY

Applicable to gas service supplied in accordance with provisions of the appropriate rate currently in effect, from the nearest available distribution main when, in the opinion of the Company, it is necessary to extend such main.

EXTENSION PLAN

1. Normal Extensions. An extension of one hundred (100) feet or less shall be made by the Company to an existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one year or more.

2. Other Extensions.

(a) Individual Customer. The Company may extend a main in excess of one hundred (100) feet without charge to an individual customer whose monthly volume shall be in excess of the minimum use as specified within the applicable tariff under which service will be provided and the Company has existing adequate peak demand capabilities, as required by the customer. In the event the Company's applicable tariff does not contain a minimum use volume, then the *monthly minimum bill, exclusive of customer charges and the cost of purchased gas, shall be one and one-half percent (1.5%) of the cost of the main extension.* The customer will be obligated to receive service for a minimum term which will allow the Company to recover the cost of the main extension. The customer shall be billed the minimum amount or volume for each month during the minimum term as specified in the agreement. In the event the customer terminates service prior to the expiration of the minimum term of service, the Company may charge the difference between the cost of the main extension and revenue received from the customer, exclusive of customer charges and the cost of purchased gas, as a termination charge.

(b) Multiple Customer Extensions.

~~(i) Existing Subdivisions and New Non-Joint Trench Subdivisions. When an extension of the Company's main to serve an applicant, including an extension to a proposed real estate subdivision, amounts to more than one hundred (100) feet per customer, the Company may require the total cost of the footage in excess of one hundred (100) feet per customer to be deposited with the Company by the applicant based on the estimated cost per foot for main extensions. An applicant desiring an extension to a proposed real estate subdivision that amounts to less than one hundred (100) feet per customer, may be required to deposit the entire cost of the extension.~~

(T)

(C)

(T)

~~The applicant will be reimbursed under the following plan:~~

~~Each year for a period of up to but not exceeding ten (10) years, which begins on the effective date of the main extension contract, the Company shall refund to the customer, who paid for the excess footage, the cost of the one hundred (100) feet of the extension in place for each additional customer connected during the year whose~~

Filed pursuant to an Entry dated
Commission of Ohio.

in Case No. 01-1228-GA-AIR before the Public Utilities

Issued:

Effective:

Issued by J. Joseph Hale, Jr., President

Stipulation Exhibit 7
Gas No. 18

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202

Bay State Gas Company
DTE
Attachment RR-DTE-62 (a)
Page 29 of 41

Sheet No. 62.2
Cancels and Supersedes
Sheet No. 62.1
Page 2 of 2

(C)

service line is directly connected to the extension installed, but in no case shall the total amount refunded exceed the amount paid the Company. There shall be no refunds after the end of the said ten (10) year period

(ii) New Joint Trench Subdivisions. When an extension of the Company's approach and/or internal mains is necessary to serve a new subdivision, the Company will perform a net present value (NPV) analysis of the construction costs and the revenue to be received from each customer to be connected to the new mains. For purposes of the NPV calculation, the Company will assume that a complete build-out of the subdivision will occur in five years. If the NPV is positive, no deposit will be required for the new subdivision and the NPV will be credited toward the calculation of the deposit requirement for any approach main that may be required. If the NPV is negative, the amount of the NPV must be deposited for construction of the mains to serve the new subdivision. Any deposit made when the NPV is negative is eligible for a refund due to subsequent connections or extensions under the following plan:

_____ In either event,

(T)

Filed pursuant to an Entry dated
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Issued:

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The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202

Sheet No. 62.2
Cancels and Supersedes
Sheet No. 62.1
Page 3 of 2

(C)

EXTENSION PLAN (Contd.)

~~(iii) Each year for a period of up to but not exceeding ten (10) years, which begins on the effective date of the main extension contract, the Company shall refund to the customer, who paid for the excess footage, the cost of the one hundred (100) feet of the extension in place for each additional customer connected during the year whose service line is directly connected to the extension installed, but in no case shall the total amount refunded exceed the amount paid the Company. There shall be no refunds after the end of the said ten (10) year period; and;~~

(C)

~~(iv) Each year for a period of up to but not exceeding ten (10) years, which begins on the effective date of the main extension contract, the Company shall refund to the customer who paid for the excess footage an amount reflecting the positive impact of subsequent connections or extensions to the main extension. The Company will determine the positive impact of a subsequent connection or extension by analyzing the estimated cost and corresponding revenues resulting from the subsequent connection or extension. This amount will be paid when the first customer is connected to the subsequent connection or extension.~~

(N)

3. Nothing contained herein shall be construed to prohibit the Company from making extensions under different arrangements provided such arrangements have been approved by the Public Utilities Commission of Ohio.
4. Nothing contained herein shall be construed as to prohibit the Company from making, at its expense, greater extensions than herein prescribed, should its judgment so dictate, provided like free extensions are made to other customers under similar conditions.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of The Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with The Public Utilities Commission of Ohio, as provided by law.

Doc. no. 91261

Filed pursuant to an Entry dated
Commission of Ohio.

in Case No. 01-1228-GA-AIR before the Public Utilities

Issued:

Effective:

Issued by J. Joseph Hale, Jr., President

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 25.54
Cancels Sheet No. 25.43
Page 1 of 2

SECTION VI - DISCONNECTION FOR NONPAYMENT AND DEPOSIT PROVISIONS

1. Disconnection for Nonpayment: Residential Customers

The Company will comply with the provisions of the disconnection rules set forth in Chapter 4901:1-18 O.A.C. (Ohio Administrative Code) as amended.

2. Disconnection for Nonpayment: Non-Residential Customers

An account will be considered delinquent and be subject to the Company's disconnection procedures for non-payment if any bill remains unpaid after the due date.

The Company will mail or otherwise give notice of impending disconnection for non-payment to the customer prior to disconnection.

3. Reconnection of Service

Reconnection of service that has been disconnected for nonpayment shall be made pursuant to the following provisions:

- (a) Upon payment or proof of payment, including any reconnection charge, for service that was previously disconnected, reinstatement of service shall be made by the close of the following regular Company working day.
- (b) If service is disconnected and the customer wishes to guarantee the reinstatement of service the same day on which payment is rendered, the customer must make payment in the Company's business office, or provide proof of payment, and notify the Company before 12:30 p.m. that reinstatement of service is requested the same day.
- (c) If a guarantor is required in order to re-establish service, the guarantor must sign an acknowledgment of willingness to accept the responsibility for payment of the customer's bill in case of the customer's default.

4. Charge for Reconnection of Service

The Company may charge and collect in advance the dollar amount specified on Tariff Sheet "Charge for Reconnection of Service," Sheet No. 82, for reconnecting a customer's service after service is disconnected because of nonpayment of the bill when due or when service is discontinued because of unauthorized or fraudulent use, tampering with Company equipment, or denial of access to the premises as set out in Section II Paragraph 9, Access to Premises, of these GAS SERVICE REGULATIONS.

Filed pursuant to an Entry dated February 12, 1997 in Case No. 95-656-GA-AIR and Case No. 97-34-GA-ATA before the Public Utilities Commission of Ohio.

Issued: April 11, 1997

Effective: February 12, 1997

Issued by Gregory C. Ficke, W. J. Grealis, President

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 25.54
Cancels Sheet No. 25.43
Page 2 of 2

SECTION VI - DISCONNECTION FOR NONPAYMENT AND DEPOSIT PROVISIONS (Contd.)

5. Residential Tenant Rights

The Company will comply with the provisions of the disconnection rules set forth in Chapter 4901:1-18 O.A.C. as amended. In addition, if a customer who is a Property Owner/Rental Agent at master-metered premises requests disconnection of service and there are remaining residential tenants at the premises, the Company is required to notify the tenants of the intended disconnection of service. This notification will be posted in a conspicuous place at the premises at least 10 working-days prior to the scheduled date for disconnection of service. The Property Owner/Rental Agent shall continue to be liable for all gas consumed during the 10-day notice period. This notice provision shall not preclude the Company from taking appropriate actions where safety or tampering issues are raised, including disconnection of service without notice in such circumstances. (T)

If a customer who is a Property Owner/Rental Agent, but whose account is not a master-meter account, requests disconnection of service the Company will use reasonable means to determine whether non-customer residential tenants still reside at the premises. If the Company determines that non-customer residential tenants continue to reside at the premises, then the Company shall notify the tenants of the intended disconnection of service. This notification shall be by mail, and/or by posting in a conspicuous place at the premises, at least 10 days prior to the scheduled date for disconnection of service. The Property Owner/Rental Agent shall continue to be liable for all gas consumed during the 10-day notice period. This notice provision shall not preclude the Company from taking appropriate actions where safety or tampering issues are raised, including disconnection of service without notice in such circumstances. (N)

The Company shall follow, for non-master metered accounts, the same procedures regarding disconnection for nonpayment of a customer who is a Property Owner/Rental Agent as it follows for disconnection at the request of the Property Owner/Rental Agent for non-master metered accounts, except that during the period of November 1 through April 15, of each year, the Company, in addition to notification by mail, if any, shall hand deliver the 10-day notice to the occupied premises. (N)

6. Deposit Provision

The Company may require a Security Deposit of any customer, residential or non-residential, in addition to the requirement of payment for prior indebtedness, as set forth in Section II, 2. Supplying Service, in compliance with the provisions of Section 4933.17 of the Ohio Revised Code, and as to residential accounts only, the rules set forth in Chapter 4901:1-17 of the O.A.C., as amended. The Security Deposit may be requested prior to the rendering of utility service or at a later time.

Filed pursuant to an Entry dated February 12, 1997 in Case No. 95-656-GA-AIR and Case No. 97-34-GA-ATA before the Public Utilities Commission of Ohio.

Issued: April 14, 1997

Effective: February 12, 1997

Issued by Gregory C. FickeW. J. Grealis, President

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202

SECTION II - SUPPLYING AND TAKING OF SERVICE

1. Character of Service

The Company by its present franchise requirements has agreed to furnish gas of the kind and quality from which its supply is procured. Said gas may be supplemented with other gases provided their quality is equivalent to the gas supplied by the Company's suppliers.

2. Supplying Service

Service is supplied under and pursuant to these GAS SERVICE REGULATIONS and any modifications or additions thereto lawfully made and approved by the Public Utilities Commission of Ohio. Nothing contained in the Company's tariffs shall relieve the Company of its duties and obligations under all applicable Federal and State gas pipeline safety laws and regulations.

Service is supplied under a given rate schedule at such points of delivery as are adjacent to the Company facilities which are, in the Company's judgment, adequate and suitable as to capacity and pressure, to supply such service; otherwise, special agreements between the customer and the Company may be required. Should the gas requirements of the customer change, as to capacity or use, the Company may require that the service be supplied from a different facility if the original facility is or becomes inadequate and unsuitable for its intended purpose. If special agreements between the customer and the Company are required, gas service will not be supplied until the agreements are executed by the customer and the Company.

The availability of service under this Tariff, P.U.C.O. Gas No. 18, to customers who have elected to relieve the Company of its obligation to provide commodity service under the Company's regulated GCR system supply shall be subject to the rules, regulations, and orders of the Public Utilities Commission of Ohio, including, without limitations, those contained within Case No. 85-800-GA-UNC, as may be modified from time to time.

Service will not be supplied to any premises if, at the time of application for service, the applicant is indebted to Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Unpaid balances of previously rendered Final Bills may be transferred and included on the initial or subsequent bill for a like service account. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the transferee account and subject to the Company's collection and disconnection procedures which are governed by Chapter 4901:1-18 of the Ohio Administrative Code. The transfer of final bills is limited to like service, i.e., residential to residential, commercial to commercial, gas to gas, electric to electric, and combination to combination. The unpaid balances for electric and gas service in a combination account shall remain separate. The transfer of unpaid balances from a combination account to a transferee combination account is limited to like service, i.e., electric to electric and gas to gas. Any transfer of gas, electric or combination accounts shall not affect the residential customer's right to elect and maintain an extended payment plan for gas, electric or combination service under Rule 4901:1-18-11 of the Ohio Administrative Code.

Filed pursuant to an Entry dated December 24, 1996 Case No. 95-656-GA-AIR before the Public Utilities Commission of Ohio.

Issued: May 1, 1997

Effective: December 26, 1996

Issued by W. J. Grealis, President

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202

SECTION II - SUPPLY AND TAKING OF SERVICE (Contd.)

Commercial and industrial service will not be supplied or continued to any premises if, at the time of application for service, the applicant is merely acting as an agent of a present or former customer who is indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Commercial or industrial service will not be supplied or continued to any premises where the applicant is a partnership, corporation or limited liability company whose general partner, controlling stockholder or controlling member is a present or former customer who is indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made.

3. Information Relative to Service

Information relative to the installation or relocation of service piping at a given location must be obtained from the Company. This information should be requested well in advance of the time of construction of the project to allow the necessary time required to determine the exact engineering details for the individual customer installation. Such information will be confirmed in writing if requested by the customer.

In any instance where the Company determines that a customer must sign a construction, maintenance, special equipment agreement, or any other written agreement in order to provide for the ongoing and overall service of the customer's gas requirements, all such agreements must be fully executed and received by the Company prior to supplying gas to the customer's system. The providing of gas on a temporary basis has no effect on the above requirements relating to permanent service.

4. Continuity of Service

The Company will make reasonable provisions to supply satisfactory and continuous gas service, but does not guarantee a constant or uninterrupted supply of gas and shall not be liable for any damage or claim of damage attributable to any interruption of service caused by accident or casualty, extraordinary action of the elements, action of any governmental authority, litigation, deficiency of supply or by any cause which the Company could not have reasonably foreseen and made provision against.

5. Suspension of Service for Repairs and Changes

When necessary to make repairs to or changes in the Company's plant, transmission or distribution system, or other property, the Company may, without incurring any liability therefor, suspend service for such periods as may be reasonably necessary and in such manner as not to inconvenience the customer unnecessarily. Customers will be given notice prior to any scheduled maintenance interruption in excess of six (6) hours duration.

Filed pursuant to an Entry dated December 24, 1996 Case No. 95-656-GA-AIR before the Public Utilities Commission of Ohio.

Issued: May 1, 1997

Effective: December 26, 1996

Issued by W. J. Grealis, President

SECTION II - SUPPLY AND TAKING OF SERVICE (Contd.)**6. Use of Service**

Service is supplied directly to the customer through the Company's own meter and is to be used by customer only for the purposes specified in and in accordance with the provisions of the applicable rate schedule and these regulations and any service agreement. Service is for the customer's use only and under no circumstances may the customer or the customer's agent or any other individual, association or corporation install meters for the purpose of reselling or otherwise disposing of service supplied by the customer. The customer may install tab meters for the purposes of measuring consumption.

The customer will not install pipes under a street, alley, lane, court or avenue or other public space in order to obtain service for adjacent property through one meter even though such adjacent property is owned by the customer, without the prior written approval of the Company.

In case of unauthorized sale, use, extension or other disposition of service, the Company may discontinue the supplying of service to the customer until such unauthorized act is discontinued and full payment is made for all service supplied or used, billed on the proper classification and rate schedule, and reimbursement in full made to the Company for all extra expenses incurred, including expenses for clerical work, testing, and inspections. Failure of the Company to exercise its right to discontinue the supplying of service in the above situations does not affect its right to resort thereafter to such remedy for the same or any future default or breach by the customer.

7. Customer's and Company's Responsibility

~~The customer assumes all responsibility on the customer's side of the point of delivery (outlet side of the curb valve or at the curb or apparent curb when the shut off valve is not located near the curb) for the service supplied or taken, as well as for the installation, repair, and replacement of the service, appliances, and apparatus used in conjunction therewith, and will save the Company harmless from and against all claims for injury or damage to persons or property occasioned by or in any way resulting from such service or the use thereof on the customer's side of the point of delivery.~~

The customer assumes responsibility for the initial installation of the curb-to-meter service, for activities by the customer and customer's agents which cause damage to the Company's equipment or to the curb-to-meter service, and for appliances and apparatus used in conjunction therewith. The Company assumes responsibility for the repair, replacement and maintenance of the curb-to-meter service.

8. Right-of-Way

The customer, without reimbursement, will make or procure conveyance to the Company, right-of-way satisfactory to it across the property owned or controlled by the customer for the Company's lines or extensions thereof necessary or incidental to the supplying of service to the customer, or customers beyond the customer's property when such rights are limited to installations along dedicated streets and roads in the form of Grant or instrument customarily used by the Company for these facilities.

Filed pursuant to an Entry dated December 24, 1996 Case No. 95-656-GA-AIR before the Public Utilities Commission of Ohio.

Issued: May 1, 1997

Effective: December 26, 1996

Issued by W. J. Grealis, President

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202

SECTION II - SUPPLY AND TAKING OF SERVICE (Contd.)

9. Access to Premises

The properly authorized agents of the Company shall at all reasonable hours have the right and privilege to enter the premises of the customer for the purpose of reading meters, testing or inspecting the customer's installation and examining, repairing, replacing, removing, or disconnecting the Company's meters, the curb-to-meter service, or for removing or disconnecting any or all of the Company's equipment, or other Company property, and for all other purposes incident to the supplying of service, and for such purposes the customer authorizes and requests his landlord, if any, to permit such access to the premises. Reasonable hours of access are the daylight hours except for emergencies, where requested by the customer, or with the customer's consent and except for disconnection for nonpayment of bills which hours of access are subject to the provisions under Section VI Paragraph 1, Disconnection for Nonpayment: Residential Customers, of these GAS SERVICE REGULATIONS.

Upon request, the Company's authorized agent will display his/her identification badge or Company pass and state the reasons for requiring access.

If, after the Company has made reasonable efforts to obtain access to the premises for the purpose described above, the customer fails to grant the Company access, the customer denying access shall be deemed in violation of these GAS SERVICE REGULATIONS pursuant to Section I Paragraph 3 herein, Company's Right to Refuse or to Disconnect Service.

Filed pursuant to an Entry dated December 24, 1996 Case No. 95-656-GA-AIR before the Public Utilities Commission of Ohio.

Issued: May 1, 1997

Effective: December 26, 1996

Issued by W. J. Grealis, President

SECTION III - CUSTOMER'S AND COMPANY'S INSTALLATIONS

1. Nature and Use of Installation

All equipment furnished by the customer, on the premises or connecting the premises with the Company's service, shall be suitable for the purposes thereof, and shall be installed by the customer and maintained, repaired and replaced by the customer at all times in conformity with the safety requirements of the accredited agency having jurisdiction and with the rules and regulations of the Company.

The piping and fittings for the distribution of gas after it has passed the meter, may be installed by any competent gas fitter employed by the customer or proprietor of the premises, subject, however, to the inspection and approval of the Company which requires an inspection and test of all such piping.

An application for inspection and test must be made to the Company when the piping work has been completed, but prior to its concealment by plastering, flooring or other materials.

All piping shall be installed in accordance with applicable building codes and the rules and regulations of the Company.

2. Installation of Meters

Gas will be measured by a meter or meters to be installed by the Company upon the customer's premises at an agreed upon point convenient for the Company's service. Meters for new single-family residences are to be located outside the residence.

3. Installation, Repair and Replacement of Lines

Except as otherwise provided in these GAS SERVICE REGULATIONS, in service agreements or rate schedules, the Company will install and maintain its lines and equipment on its side of the point of delivery, (outlet side of the curb valve or at the curb or apparent curb when the shut off valve is not located near the curb), its meters and service regulators and maintain service piping without cost to the customer, except that customer is responsible for initial installation costs of service piping from curb to meter, but shall not be required to install, repair or replace any lines or equipment, except meters and service regulators, on the customer's side of the point of delivery without cost to the customer. Only the Company's agents are authorized to connect the Company's service to the customer's service.

All meters and equipment furnished by and at the expense of the Company, which may at any time be on said premises, shall, unless otherwise expressly provided herein, be and remain the property of the Company, and the customer shall protect such property from loss or damage. No one except an agent of the Company shall be permitted to remove or handle same.

Filed pursuant to an Entry dated December 24, 1996 in Case No. 95-656-GA-AIR before the Public Utilities Commission of Ohio.

Issued: December 26, 1996

Effective: December 26, 1996

Issued by W. J. Grealis, President

SECTION III - CUSTOMER'S AND COMPANY'S INSTALLATIONS (Contd.)

The point of delivery will be located as near to the curb line as practicable. Upon receipt of an application for new gas service, where said service will be installed to provide primary heating for an existing structure previously heated through consumption of a non-regulated energy source, the Company may install the gas service pipe extending from the point of delivery to the inlet of the meter connection at its expense. For all other applicants for new gas service or for existing customers the portion of the gas service pipe extending from the point of delivery to the inlet of the meter connection may be installed by the Company at its prevailing prices. The customer or the customer's agent, at the customer's expense, may install said portion upon proper execution of an order of notification subject to the Company's rules, regulations and current specifications, subject to inspection and test by the Company, provided that a distribution main of adequate capacity is adjacent to the premises to be served. The service piping from the point of delivery to the inlet of the meter connection shall be owned, repaired and replaced at the expense of the ~~customer~~ Company or landlord regardless of whether it was originally installed at the Company's expense. The service pipe will end at the inlet of the meter connection. If it should be necessary to extend the service pipe beyond the point of entry, such extension shall be encased.

Only one gas service will be installed into any individual dwelling, building or building units, unless the units are sectionalized by acceptable fire separation such as firewalls, regardless of the number of customers to be served therein.

The customer's gas service line shall be as short as practicable, but not limited to a specific length. The proposed size, length, and direction of the gas service pipe and proposed meter location shall be subject to the Company's approval.

No connection or work of any kind shall be done on a gas main or the Company's piping by anyone who is not an authorized representative of the Company, except that the customer's agent may, at the Company's option, be designated as an authorized representative of the Company upon request.

When repairs on, or replacement of, the customer's service piping is required between point of delivery and the inlet to the meter, such work will be done at the ~~customer's~~ Company's expense by the ~~Company, the customer, or the customer's agent~~ only after the gas has been shut off and the piping has been disconnected by the Company. An application for inspection and test must be made to the Company when piping work has been completed by the customer or the customer's agent.

The cost of the Company inspections and test of piping installed by the customer or the customer's agent will be borne by the customer.

Filed pursuant to an Entry dated December 24, 1996 in Case No. 95-656-GA-AIR before the Public Utilities Commission of Ohio.

Issued: December 26, 1996

Effective: December 26, 1996

Issued by W. J. Grealis, President

SECTION III - CUSTOMER'S AND COMPANY'S INSTALLATIONS (Cont'd.)

4. Change in Installations

As the Company's facilities used in supplying service to the customer have a limited capacity, the customer must give reasonable advance notice to the Company and obtain the Company's consent before making any material changes or increases in the customer's installation. After receipt of such notice, the Company will give its written approval of the proposed change or increase, or it will inform the customer of the prerequisites to receipt of service for such change or increase.

The customer shall be solely responsible for all damages sustained by the Company or any person due to the customer's failure to give reasonable advance notice to the Company of such changes in the customer's installation.

Filed pursuant to an Entry dated December 24, 1996 in Case No. 95-656-GA-AIR before the Public Utilities Commission of Ohio.

Issued: December 26, 1996

Effective: December 26, 1996

Issued by W. J. Grealis, President

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a copy of the foregoing Stipulation and Recommendation was served on the following, via hand delivery, e-mail, or overnight delivery, postage prepaid on April 17, 2002.


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Kimberly W. Bojko
The Ohio Home Builders Association
McNees, Wallace & Nurick LLC
Fifth Third Center
21 East State Street, 17th Floor
Columbus, OH 43215-4228

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The Cincinnati Gas & Electric Company for an Increase in Rates.)))	Case No. 01-1228-GA-AIR
In the Matter of the Application of The Cincinnati Gas & Electric Company for Approval of an Alternate Rate Plan for Its Gas Distribution Service.))))	Case No. 01-1478-GA-ALT
In the Matter of the Application of The Cincinnati Gas & Electric Company for Approval to Change Accounting Methods.)))	Case No. 01-1539-GA-AAM

OPINION AND ORDER

The Commission, considering the applications, testimony, the applicable law, proposed stipulation, and other evidence of record, and being otherwise fully advised, hereby issues its opinion and order.

APPEARANCES:

John J. Finnigan, Jr., James B. Gainer, Paul A. Colbert, 139 East Fourth Street, Room 2500 ATII, Cincinnati, Ohio 45202, on behalf of The Cincinnati Gas & Electric Company.

Charles Harak, 77 Summer Street, 10th Floor, Boston, Massachusetts 02110 and Jerrold Oppenheim, 57 Middle Street, Gloucester, Massachusetts 01930, on behalf of Utility Workers Union of America and Independent Utilities Union, Local Union 600 of the Utility Workers Union of America.

Robert S. Tongren, Ohio Consumers' Counsel, by Colleen Mooney and Lopa B. Parikh, Assistant Consumers' Counsel, 10 West Broad Street, 18th Floor, Columbus, Ohio 43215-3485, on behalf of the residential consumers of The Cincinnati Gas & Electric Company.

David C. Rinebolt, 337 South Main Street, 4th Floor, Suite 5, P.O. Box 1793, Findlay, Ohio 45839-1793, on behalf of Ohio Partners for Affordable Energy.

McNees Wallace & Nurick LLC, by Gretchen J. Hummel and Samuel C. Randazzo, 21 East State Street, 17th Floor, Columbus, Ohio 43215-4228, on behalf of Industrial Energy Users-Ohio.

Noel M. Morgan, Legal Aid Society, 215 East Ninth Street, Suite 200, Cincinnati, Ohio 45202, on behalf of Communities United for Action.

McNees Wallace & Nurick LLC, by Kimberly W. Bojko, 21 East State Street, 17th Floor, Columbus, Ohio 43215-4228, on behalf of The Ohio Home Builders Association.

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Vorys, Sater, Seymour and Pease, by M. Howard Petricoff, 52 East State Street, P.O. Box 1008, Columbus, Ohio 43216-1008, on behalf of The New Power Company.

Henry W. Eckhart, 50 West Broad Street, #2117, Columbus, Ohio 43215, on behalf of People Working Cooperatively, Inc.

Thomas Rouse, 1077 Celestial Street, Suite 110, Cincinnati, Ohio 45202, on behalf of Stand Energy Corporation.

OPINION:

I. Procedural Background

On June 28, 2001, The Cincinnati Gas & Electric Company (CG&E) filed notice of its intent to file an application to increase its rates and to file an application for an alternate rate plan. The Commission issued an entry on July 26, 2001, establishing a test period of January 1, 2001 through December 31, 2001 for the rate increase proposal. Also, the Commission concluded that the date certain shall be March 31, 2001, and granted then-pending limited waiver requests.

CG&E filed the application seeking to increase its gas rates on July 31, 2001. Also at that same time, CG&E separately filed requests for approval of an alternate rate plan and for approval of changes in accounting methods. By entry dated October 31, 2001, the Commission found that CG&E's rate increase and alternate rate plan applications complied with the requirements of Section 4909.18, Revised Code, and Rule 4901:1-19-05, Ohio Administrative Code. The Commission accepted those two applications for filings as of July 31, 2001, granted a waiver request, and directed CG&E to begin newspaper publication.

The following 10 parties were granted intervention in all three of these dockets:

Utility Workers Union of America (UWUA);
Independent Utilities Union, Local Union 600 of the UWUA (Local Union 600);
Ohio Consumers' Counsel (OCC);
Ohio Partners for Affordable Energy (OPAE);
Industrial Energy Users-Ohio (IEU-Ohio);
Communities United for Action (CUFA);
The Ohio Home Builders Association (OHBA);
The New Power Company (New Power);
People Working Cooperatively, Inc. (PWC);¹ and
Stand Energy Corporation (Stand).

¹ PWC did not seek to intervene, nor was it granted intervention, in the docketing involving the accounting changes.

On October 29, 2001, Stand filed a request to withdraw from these proceedings, which was granted on November 5, 2001. On April 15, 2002, New Power requested to withdraw from these proceedings, which was granted on the record at that time.

The staff of the Commission filed its report of investigation regarding the three CG&E requests on January 18, 2002. Thereafter, objections to the staff report were filed by many of the parties. Also, a number of motions to strike objections were also filed.

On March 4, 2002, a prehearing conference was held, as required by Section 4909.19, Revised Code. By entries dated March 7 and 13, 2002, hearings were scheduled. A combined evidentiary hearing was scheduled in these three cases to commence on April 2, 2002. Local public hearings were scheduled for April 18, 2002, in Mason, Ohio, and April 25, 2002, in Cincinnati, Ohio, in accordance with Section 4903.083, Revised Code. On March 20, 2002, OCC, OHBA, IEU-Ohio, and CUFA jointly filed a motion to continue the evidentiary hearing until April 16, 2002. That request was denied. A second continuance request for the evidentiary hearing was filed March 29, 2002, after CG&E and OCC reached an agreement in principle to settle these cases. That request was granted and the evidentiary hearing was rescheduled to begin April 15, 2002. On April 9, 2002, IEU-Ohio filed a request to continue the evidentiary hearing and sought authority to conduct additional discovery related to the settlement that had thus far been reached. The examiner denied this third continuance request and the additional discovery request.

The evidentiary hearing commenced on April 15, 2002. At that time, the parties indicated that they were close to a nearly full settlement, but needed some additional time. The examiner found that, since only a partial settlement had been reached, the evidentiary hearing must resume and supporting parties should provide testimony in support of the settlement, while opposing parties should present their testimony. The evidentiary hearing was scheduled to resume on April 24, 2002.

On April 17, 2002, a stipulation and recommendation was filed. That document was signed by the staff and all remaining parties, except OHBA, the UWUA, and Local Union 600. OHBA filed a letter with the Commission indicating that it does not oppose the stipulation and recommendation. The UWUA and Local Union 600 agreed in part with the stipulation, but also opposed it. Also, on April 17, 2002, CG&E filed a motion to dismiss its alternate rate plan application in the event the Commission approves the stipulation and recommendation.

The first local hearing was held as scheduled in Mason, Ohio, on April 18, 2002. Two people testified, both giving unsworn testimony. Two local hearings were held as scheduled in Cincinnati, Ohio on April 25, 2002. Three people testified during the afternoon hearing and 15 people testified at the evening hearing, most giving unsworn testimony.

The evidentiary hearing resumed on April 24, 2002. The UWUA and Local Union 600 jointly called six witnesses, as if upon cross-examination. The other parties presented exhibits, in lieu of calling witnesses. Briefs in support of their positions were filed by CG&E, UWUA, and Local Union 600 on April 30, May 3 and 6, 2002. On May 17, 2002, the UWUA and Local Union 600 jointly filed a motion to withdraw their objections to the staff

report and their briefs from these proceedings. They indicated that they no longer oppose Commission approval of the stipulation and recommendation and they no longer seek any of the relief requested in those pleadings.

II. Summary of the Applications

CG&E's rate increase application sought approval for a 6.34 percent annual rate increase (approximately \$26 million) in order to generate sufficient revenues for the company to pay operating expenses, service its debt, and provide an adequate rate of return (Company Ex. 6, Randolph Direct at 16-17; Staff Ex. 1, at 1, 15). CG&E explains that its return on rate base in 2001 was well below its last authorized rate of 9.67 percent (Company Ex. 6, Randolph Direct at 15-16 and Steffen Direct at 3). Also since that time, CG&E invested significant amounts of money in its facilities, lost sizeable revenues from a departing customer, and experienced declining gas use on a per-customer basis (Company Ex. 6, Steffen Direct at 3).

CG&E also proposed to recover, through an alternate rate plan, the costs associated with a new, accelerated main replacement program (AMRP). The company plans to replace all cast iron and bare steel mains on its system (approximately 1,200 miles) over an accelerated 10-year period (Company Ex. 6, Randolph Direct at 21). CG&E believes that the replacement program will improve the safety and reliability of its gas system because of the current leak rate for the cast iron mains and because the involved bare steel mains are near the end of their useful lives (*Id.*). Some of the involved cast iron mains date back to 1873 (*Id.*). CG&E's proposed special recovery mechanism for AMRP would allow all annual costs to be recovered through a special annual rider, while also passing on any savings realized from fewer leaks on the system. CG&E anticipates that the cost over the 10 years will be \$716 million (Staff Ex. 1, at 77).

In the accounting application, CG&E sought authority to defer depreciation and property tax expenses that would be later recovered as part the AMRP expenditures and to continue the accrual of certain property relocations and replacements until recovery begins through the AMRP rider. Also, CG&E seeks to capitalize the meter relocations, rather than expense them, and to capitalize the cost of the replaced customer-owned service lines under the AMRP.

III. Summary of Proposed Stipulation

Among the terms of the stipulation, the parties agree:

- (1) CG&E shall receive a revenue increase of \$15,063,309 as calculated on Stipulation Exhibit 2.²
- (2) Beginning on the effective date of the rates in these cases, CG&E will implement an AMRP rider for the year 2002, at the following rates: (a) \$1.00 per month for residential customers; (b) \$3.75 per month for

² As distributed under the proposed stipulation, this increase is roughly an 11-percent increase for residential customers and a six-percent increase for nonresidential customers.

general service and firm transportation customers; and (c) \$0.01 per Mcf, subject to a per-month cap of \$500, for interruptible transportation customers.

- (3) CG&E shall defend continuation of the AMRP rider thereafter by prefiling each November an application containing support for the rider, with the formal filing being made by February of the following year. The filing shall contain actual and projected cost data. Staff will make its recommendation and the other parties to these proceedings may file objections, with the goal being that any approved rider be implemented for the first billing cycle of the May revenue month. Any annual overrecovery of the residential revenue requirement established shall be refunded by an adjustment in the subsequent year's residential AMRP fixed monthly charge.
- (4) From May 1, 2003, through May 1, 2007, any rates for the AMRP rider shall be capped as set forth in the stipulation and the per-month charge for residential customers shall not increase by more than an incremental \$1.00 in each of the years.
- (5) Any AMRP rider rates set in May 2007 shall be the cap for rider rates established after May 2007 under the annual filing process, until the effective date of rates set in CG&E's next base rate case.
- (6) Any costs savings realized from the AMRP program shall be realized through the gas cost recovery mechanism.
- (7) CG&E shall create the necessary regulatory assets to accurately capture the Post-in-Service Carrying Charges associated with the AMRP program. Those assets shall be included in unique subaccounts of Account 182.3.
- (8) CG&E shall maintain the following commitments until the effective date of the Commission's decision in the next base rate case: (a) continue its HeatShare Program at current funding levels; (b) continue the low-income residential customer weatherization program, at current funding levels (approximately \$2 million annually); and (c) extend participation in the Customer Services Collaborative.
- (9) CG&E shall not file a base rate case before 2004, unless attributable to an emergency or resulting from changes to existing laws.
- (10) CG&E shall file tariff amendments relating to curb-to meter services and to a main line extension policy. Those amendments reflect that: (a) individual customers should be responsible for the costs of the initial installation of curb-to-meter services, but thereafter CG&E shall assume financial responsibility for repair, replacement, and maintenance of all curb-to-meter services; and (b) customers desiring

an main line extension in an existing or new subdivision will not be required to deposit the entire cost of the extension, but may have to provide a deposit, subject to refund, depending upon a net-present-value analysis.

- (11) CG&E shall terminate its Underground Protection program on the date that rates are effective in these cases.
- (12) On or before December 31, 2002, CG&E shall credit to a zero balance all percentage of income plan (PIPP) arrearages that are 12 months or older for customers who are active or inactive PIPP customers and for customers who are enrolled in the PIPP Arrears Crediting Program on the effective dates of the rates in these cases.
- (13) On or before December 31, 2002, CG&E shall credit to a zero balance all PIPP arrearages that are 12 months or older for customers whose PIPP accounts have been finalized. CG&E shall not pursue collections for such arrearages, other than through the PIPP rider. CG&E will grant new service or reconnection of service when a PIPP customer has a PIPP arrearage, if the customer is current on PIPP installments.
- (14) CG&E shall enter into contracts by July 1, 2002, for furnace replacement programs with the Clermont County and Cincinnati-Hamilton County community action agencies. CG&E shall continue additional funding of \$65,000 toward weatherization programs until a Commission decision in the next base rate case.
- (15) CG&E shall offer and promote various payment plans for billing amounts and provide the staff and OCC with customer statistics. Similarly, CG&E will offer payment plans for deposits.
- (16) CG&E shall file amended tariff language to require it to: (a) give advance notice to tenants of a pending disconnection due to nonpayment by a landlord or a disconnection request of a landlord; and (b) establish the same time frame for returning customers to the gas system supply when they become delinquent to a retail natural gas supplier as exists in tariff language its electric tariffs.

Jt. Ex. 1, at 4-16.

IV. Public Testimony³

As noted above, two people testified during the local public hearing held in Mason, Ohio on April 18, 2002. Both gave unsworn testimony, raising concerns about closure of

³ Inasmuch as no party is now objecting to the proposed stipulation, we will summarize in this decision only the public testimony received. We do not feel it is necessary in this decision to summarize the evidence adduced during the evidentiary hearing by the UWUA and Local Union 600 when they no longer oppose the proposed stipulation.

customer service offices where the public can speak with company representatives face-to-face.

Three people testified on April 25, 2002, during the afternoon local public hearing held in Cincinnati, Ohio. The first person to testify addressed a problem encountered by her church. She was discontent because the church was required to pay a sizeable deposit after its gas service was disconnected (Tr. II, 12). The second witness expressed support for the proposed stipulation in general and for the PIPP provisions in particular (*Id.* at 14). He furthermore indicated that there is much work needed to educate the PIPP customers once their arrearages have been forgiven. He indicated that, once those customers no longer have arrearages, they may not need PIPP or may need other available options (e.g., weatherization programs) to avoid developing new arrearages (*Id.* 14-15, 16). The third person expressed concern about possible closure of customer service offices where the public can speak in person with company service representatives (*Id.* at 19).

Fifteen people testified on April 25, 2002, during the evening local public hearing held in Cincinnati, Ohio. Ten gave unsworn testimony, stating that the possible closure of customer service offices does not equate to good customer service and is bad for the areas' employment situation. Some of them also stated that the new pay stations are not a true substitute for the customer service offices. Of the five people who gave sworn testimony, two testified in support of the proposed stipulation (Tr. III, 38-39, 45, 48). The other three witnesses stated, as many others had, that the possible closure of customer service offices does not equate to good customer service and is bad for the areas' employment situation (*Id.* at 24-25, 28, 42, 43, 44, 52, 54).

V. Discussion and Conclusion

As explained above, with the May 17, 2002 filing by the UWUA and Local Union 600, the stipulation filed on April 17, 2002, is now unopposed. Rule 4901-1-30, Ohio Administrative Code, authorizes parties to Commission proceedings to enter into stipulations. Although not binding upon the Commission, the terms of such an agreement are accorded substantial weight. See, *Consumers' Counsel v. Pub. Util. Comm.* (1992), 64 Ohio St.3d 123, at 125, citing *Akron v. Pub. Util. Comm.* (1978), 55 Ohio St.2d 155. This concept is particularly valid where the stipulation is unopposed by any party and resolves all issues presented in the proceeding in which it is offered.

The standard for review for considering the reasonableness of a stipulation has been discussed in many prior Commission proceedings. See, e.g., *The Cincinnati Gas & Electric Company*, Case No. 91-410-EL-AIR (April 14, 1994); *Western Reserve Telephone Company*, Case No. 93-230-TP-ALT (March 30, 1994); *Ohio Edison Company*, Case Nos. 91-698-EL-FOR et al. (December 30, 1993); *Cleveland Electric Illuminating Company*, Case No. 88-170-EL-AIR (January 30, 1989); *Restatement of Accounts and Records (Zimmer Plant)*, Case No. 84-1187-EL-UNC (November 26, 1985). The ultimate issue for our consideration is whether the agreement, which embodies considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of a stipulation, the Commission has used the following criteria:

- (1) Is the settlement a product of serious bargaining among capable, knowledgeable parties?
- (2) Does the settlement, as a package, benefit ratepayers and the public interest?
- (3) Does the settlement package violate any important regulatory principle or practice?

The Supreme Court of Ohio has endorsed the Commission's analysis using these criteria to resolve issues in a manner economical to ratepayers and public utilities. *Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm.* (1994), 68 Ohio St.3d 547, citing *Consumers' Counsel, supra*. The court stated in that case that the Commission may place substantial weight on the terms of a stipulation, even though the stipulation does not bind the Commission (*Id.*).

Based upon our three-prong test, we find that the first criterion, that the process involved serious bargaining upon knowledgeable, capable parties, is met. Counsel for CG&E, the staff, and the intervenors have been involved in many cases before the Commission, including prior cases involving rate issues. Further, the terms of the stipulation and its attachments reflect that the parties engaged in comprehensive negotiations prior to signing the agreement.

The stipulation also meets the second criterion. As a package, the stipulation advances the public interest by resolving all issues raised in these proceedings without resulting in extensive litigation time. While the stipulation includes a rate increase for customers, that increase will allow the company the opportunity to recover its expenses. As for the AMRP, the stipulation establishes a mechanism under which the parties and the Commission will evaluate the reasonableness of the expenses incurred on a consistent, regular basis during the program, unless another base rate application is filed by the company. We believe this resolution to the AMRP cost recovery issue advances the public interest as it does not sanction cost recovery of all yet-to-be-incurred costs and it caps future recovery (creating an incentive for the company to keep future expenses associated with the program low). Moreover, the proposed stipulation puts into place a workable process under which each year's expenses can be evaluated for the next AMRP rider, while also addressing questions related to overrecovery and treatment of cost savings.⁴

In several other respects, the stipulation advances the public interest. First, by eliminating PIPP arrearages that are 12 months or older, many current and past PIPP customers will have a new opportunity to assess their participation in PIPP, while also getting out from under some debt. We agree with Mr. Tenhundfeld and Ms. Evans, who testified during the hearings in Cincinnati, that the elimination of these arrearages results in a unique window of opportunity. This is a logical and appropriate time to ensure that those affected customers understand the one-time nature of the commitment to eliminate the arrearage. Moreover, we agree that it is wise for these affected customers to

⁴ This mini-rate case process is similar to a process adopted by the Commission in 1996 for Ohio-American Water Company. *In the Matter of the Application of Ohio-American Water Company to Increase Its Rates for Water Service Provided to Its Entire Service Area*, Case No. 95-935-WW-AIR (July 18, 1996).

understand that this opportunity could allow them to move away from PIPP altogether. Thus, we agree that providing ample information to such affected customers is wise. To that end, we believe that not only CG&E, but also other signatory parties (such as OCC, CUFA, and OPAE) must also play a role. These parties should work together, along with our Consumer Services Department and Office of Public Affairs staff, to ensure that the information provided to the affected PIPP customers is complete. CG&E's commitment to eliminate certain PIPP arrearages will not, in and of itself, address the bigger issue of PIPP participation.

Second, the public interest will benefit under the stipulation since CG&E shall continue its HeatShare program, its low-income weatherization program, add furnace replacement programs with two community action agencies, and provide additional funding for further weatherization programs. Third, with the payment plan provisions of the stipulation, many affected customers will have further opportunities to handle billed amounts and deposits.

Finally, the stipulation meets the third criterion because it does not violate any important regulatory principle or practice. Indeed, the stipulation provides a resolution for CG&E to economically carry out its AMRP so that its gas system safety and reliability can be improved. Additionally, the stipulation provides clarity to several service policies related to curb-to-meter services, main line extensions, notifying tenants of impending service disconnections, and returning customers to system supply in consistent manners.

Our review of the stipulation indicates that it is in the public interest and represents a reasonable disposition of these proceedings. We will, therefore, adopt the stipulation in its entirety.

VI. Rate of Return and Authorized Increase

As stipulated by the signatory parties, under its present rates, CG&E would have a net operating income of \$29,352,735. Applying this amount to the rate base of \$415,762,603 results in a rate of return of 7.06 percent. Such a rate of return is insufficient to provide CG&E with reasonable compensation for the gas service it renders to customers.

The signatory parties have agreed that CG&E should be authorized to increase its revenues by \$15,063,309, an increase of approximately 3.66 percent above current annual revenues. Adding the stipulation increase to the stipulated test year revenues of \$411,203,196 produces a new pro forma revenue total of \$426,266,505. At this level, the net operating income is calculated to be \$38,548,726. The application of this amount to the rate base of \$415,762,603 results in a rate of return of approximately 9.27 percent (Jt. Ex. 1, at Attach. 1). The specific exhibit of the stipulation from which this information is based upon is the staff's report of investigation as updated (Staff Ex. 2).

The Commission finds that the stipulated increase of \$15,063,309 in revenues, which results in a rate of return of approximately 9.27, to be fair, reasonable, and supported by the record. The Commission will, therefore, adopt the stipulated increase and rate of return for purposes of resolving these proceedings.

VII. Tariffs, Customer Notice, and Effective Date

Attached to the stipulation were proposed tariffs for curb-to-meter services, main line extensions, and notice to tenants of impending service disconnections. The signatory parties recommend that they be approved as part of the stipulation. The Commission finds that those tariff amendments are reasonable and should be approved as part of the stipulation.

The Commission notes, however, that further tariff revisions will be necessary to produce the revenues authorized by this order and to establish the same time frame for returning customers to the gas system supply when they become delinquent to a retail natural gas supplier as exists in tariff language its electric tariffs. The rates shall be effective upon approval of the necessary tariff revisions. Moreover, the company must prepare and submit proposed customer notices for our approval.

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

- (1) On June 28, 2001, CG&E filed notice of its intent to file an application to increase its rates and to file an application for an alternate rate plan. The Commission issued an entry on July 26, 2001, establishing a test period of January 1 through December 31, 2001 for the rate increase proposal. Also, the Commission concluded that the date certain shall be March 31, 2001.
- (2) CG&E filed the rate increase application on July 31, 2001. Also at that same time, CG&E separately filed requests for approval of an alternate rate plan and for approval of changes in accounting methods. By entry dated October 31, 2001, the Commission found that CG&E's rate increase and alternate rate plan applications complied with the requirements of Section 4909.18, Revised Code, and Rule 4901:1-19-05, Ohio Administrative Code. The Commission accepted those two applications for filings as of July 31, 2001.
- (3) Ten parties were granted intervention. Two later withdrew.
- (4) CG&E published notice of its applications and the hearings. Proofs of publication were filed on January 7 and May 14, 2002.
- (5) The staff of the Commission filed its report of investigation on January 18, 2002.
- (6) On March 4, 2002, a prehearing conference was held, as required by Section 4909.19, Revised Code.
- (7) Three local public hearings were scheduled for and held on April 18, 2002, in Mason, Ohio, and April 25, 2002, in

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Cincinnati, Ohio, in accordance with Section 4903.083, Revised Code.

- (8) On April 17, 2002, a stipulation and recommendation was filed by nearly all remaining parties. OHBA does not oppose the stipulation. The UWUA and Local Union 600 agreed in part with the stipulation, and initially opposed it in part.
- (9) The evidentiary hearing began on April 15 and resumed on April 24, 2002. The UWUA and Local Union 600 jointly called six witnesses, as if upon cross-examination. The other parties presented exhibits, in lieu of calling witnesses. CG&E, UWUA, and Local Union 600 filed briefs in support of their positions on April 30, May 3 and 6, 2002. On May 17, 2002, the UWUA and Local Union 600 jointly filed a motion to withdraw their objections to the staff report and their briefs from these proceedings.
- (10) The stipulation is the product of serious bargaining between knowledgeable parties, benefits ratepayers, advances the public interest, and does not violate any important regulatory principles or practices.
- (11) The value of all of the company's property used and useful for the rendition of gas service to customers affected, determined in accordance with Section 4909.15, Revised Code, is not less than \$415,762,603.
- (12) The net annual compensation of \$29,352,735 represents a rate of return of 7.06 percent on the jurisdictional rate base of \$415,762,603.
- (13) A rate of return of 7.06 percent is insufficient to provide CG&E with reasonable compensation for the gas services rendered to its customers.
- (14) A stipulated revenue increase of \$15,063,309 is calculated to result in a return of \$38,548,726. This dollar return of \$38,548,726, when applied to the rate base of \$415,762,603, yields a rate of return of approximately 9.27 percent. A rate of return of 9.27 percent is fair and reasonable under the circumstances of this case and is sufficient to provide CG&E just compensation and return on its property used and useful in the provision of gas service to its customers.
- (15) The allowable gross annual revenue to which CG&E is entitled for purposes of these proceedings is \$426,266,505.

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- (16) The stipulated, proposed tariffs are reasonable and approved. Further tariff revisions will be necessary to produce the revenues authorized by this order and to establish the same time frame for returning customers to the gas system supply when they become delinquent to a retail natural gas supplier as exists in tariff language its electric tariffs. Customer notices are also required.

ORDER:

It is, therefore,

ORDERED, That the joint stipulation and recommendation filed on April 17, 2002 is approved. It is, further,

ORDERED, That CG&E's motion to dismiss Case No. 01-1478-GA-ALT is granted. It is, further,

ORDERED, That the applications of CG&E to increase its rates and charges for gas service and to modify accounting methods are granted to the extent provided in this opinion and order. It is, further,

ORDERED, That the stipulated, proposed tariffs are reasonable and approved. CG&E shall file further proposed tariff revisions to produce the revenues authorized by this order and to establish the same time frame for returning customers to the gas system supply when they become delinquent to a retail natural gas supplier as exists in tariff language its electric tariffs. CG&E shall also file proposed customer notices for our approval. It is, further,

ORDERED, That a copy of this opinion and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Ronda Hartman Fergus

Judith A. Jones

Donald L. Mason

Clarence D. Rogers, Jr.

GLP;geb

Entered in the Journal
MAY 30 2002

A True Copy

Gary E. Vigorito

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE D.T.E.
D.T.E. 05-27

Date: July 20, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

RR-DTE-63: Determine whether, during 2005, the Company declared any dividends at any time with respect to the year 2004. If yes, report the amount of that dividend, post-test-year declaration of common-stock dividend; and the Company's recalculated rate of return. [N.B.: Reduce common equity by the dividend which should have been declared in 2004 and which historically has been declared at the end of the year, reduce the capital structure by that amount and then recalculate, based on the new debt/equity split, recalculate the rate of return.]

Response: No dividends have been declared or paid through July 19, 2005.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE D.T.E.
D.T.E. 05-27

Date: July 20, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

RR-DTE-64: Review the Medicare Modernization Act of 2003 and determine what, if any, reduction in costs should be reflected in calculating the cost of service for the year 2004, keeping in mind that known and measurable changes can be reflected in computing the cost of service.

Response: Bay State recorded in December 2004 a credit of \$291,000 to its gross PBOP expense for the Medicare Modernization Act of 2003. The credit is included in the amount shown in Exhibit BSG/JES-4, Line 14. The credit is subject to the allocation and capitalization as indicated in Exh. BSG/JES-4. Any changes to the credit amount will flow through to customers via the Pension/PBOP recovery mechanism as proposed by the Company.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE D.T.E.
D.T.E. 05-27

Date: July 20, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

RR-DTE-65: If the actual financing costs of the SIR infrastructure program turned out to be different than the proposed 13.05%, would the Company be amenable to either collecting any difference or refunding any difference in those carrying costs in rate of return?

Response: Yes. The Company would be amendable to either collecting any difference or refunding any difference. However, if an alternative approach for setting the carrying cost rate is deemed appropriate and this rate is established in a manner that represents a recent point-in-time cost and structure, a reconciliation would not be necessary.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE D.T.E.
D.T.E. 05-27

Date: July 20, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

RR-DTE-69: Provide the AFUDC rate. Explain if it is entirely interest or a combination of debt and equity.

Response: The AFUDC rate used in 2004 is 1.93% based upon a weighted actual short-term borrowing rate.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE D.T.E.
D.T.E. 05-27

Date: July 20, 2005

Responsible: John E. Skirtich

RR-DTE-70: Referring to Schedule JES-17, page 8 of 12 (specifically Line 8), provide the supporting calculations for the 1.90 percent composite tax rate.

Response: Please see Attachment RR-DTE-70.

Bay State Gas Company
Adjustment To Taxes Other Than Income - Property Tax Expense
Test Year Ended December 31, 2004
Property Taxes 7/01/04-6/30/05

Line No.	COMMUNITY (1)	ASSESSMENT (2) \$	RATE (3)	TOTAL TAX (4) \$	COMMUNITY (5)	ASSESSMENT (6) \$	RATE (7)	TOTAL TAX (8) \$
1	ABINGTON	14,800	0.010810	160	MIDDLEBORO	427,500	0.012140	5,190
2	AGAWAM	7,991,630	0.027730	221,744	MILLIS	1,150,870	0.011600	13,350
3	ANDOVER	10,012,860	0.018000	180,231	MONSON	5,362,200	0.013010	69,762
4	ATTLEBORO	8,550,746	0.016570	141,686	NORFOLK	451,170	0.012500	5,640
5	AVON	2,232,280	0.020750	46,320	NORTH ANDOVER	7,099,960	0.012590	89,389
6	BELLINGHAM	1,970,713	0.014470	28,516	NORTHAMPTON	9,341,680	0.012850	120,041
7	BERKLEY	102,120	0.007820	799	NORTON	3,892,690	0.010720	41,732
8	BRIDGEWATER	4,607,900	0.009760	44,973	NORWELL	1,923,650	0.010600	20,391
9	BROCKTON	32,778,040	0.021400	701,450	PALMER	1,954,350	0.015880	31,035
10	BROCKTON	103,600	0.010620	1,100	PALMER	1,592,530	0.016270	25,910
11	CANTON	6,696,700	0.020020	134,068	PALMER	530,850	0.016410	8,711
12	CHICOPEE	12,647,560	0.032490	410,919	PALMER	1,327,110	0.016090	21,353
13	DIGHTON	731,770	0.022541	16,495	PEMBROKE	3,689,600	0.010060	37,117
14	DOVER	99,560	0.008440	840	PLYMPTON	338,337	0.012520	4,236
15	DUXBURY	2,825,460	0.010140	28,650	RANDOLPH	5,694,620	0.019060	108,539
16	EAST BRIDGEWATER	2,679,350	0.011030	29,553	RAYNHAM	2,404,800	0.013420	32,272
17	EASTHAMPTON	3,408,030	0.012310	41,953	RAYNHAM	1,232,300	0.001300	1,602
18	EAST LONGMEADOW	4,795,350	0.016900	81,041	RAYNHAM	1,172,500	0.000540	633
19	EASTON	11,571,360	0.010690	125,595	REHOBOTH	349,248	0.008860	3,094
20	FOXBORO	5,039,690	0.010930	55,084	SCITUATE	4,703,500	0.009480	44,589
21	FRANKLIN	8,887,400	0.011040	98,117	SEEKONK	3,651,348	0.023500	85,807
22	GRANBY	399,900	0.013680	5,471	SHARON	6,174,600	0.015580	96,200
23	HALIFAX	950,900	0.011600	11,030	SOUTH HADLEY	1,578,529	0.016300	25,730
24	HAMPDEN	1,063,290	0.015620	16,609	SOUTH HADLEY	3,204,891	0.016390	52,528
25	HANOVER	2,843,060	0.010890	30,961	SOUTHWICK	1,232,719	0.014710	18,133
26	HANSON	2,161,700	0.010220	22,093	SPRINGFIELD	46,242,190	0.033360	1,542,639
27	HAVERHILL	200,200	0.018880	3,780	SPRINGFIELD	43,100	0.005012	216
28	HOLBROOK	2,883,440	0.022780	65,685	STOUGHTON	6,375,310	0.020220	128,909
29	LAKEVILLE	705,600	0.009140	6,449	TAUNTON	14,859,410	0.018100	268,955
30	LAWRENCE	17,878,070	0.026500	473,769	TAUNTON	15,700	0.008640	136
31	LONGMEADOW	4,112,210	0.017120	70,401	WALPOLE	5,515,410	0.014220	78,429
32	LUDLOW	18,576,670	0.014960	277,907	WARREN	23,080	0.014730	340
33	MANSFIELD	5,820,250	0.011760	68,446	WESTBOROUGH	9,529,500	0.014370	136,939
34	MARSHFIELD	6,838,340	0.008650	59,298	WEST BRIDGEWATER	2,193,500	0.017150	37,619
35	MEDFIELD	2,841,410	0.012920	36,711	WEST SPRINGFIELD	9,299,874	0.031200	290,156
36	MEDWAY	3,507,770	0.014230	49,916	WILBRAHAM	4,694,647	0.016960	79,621
37	MENDON	207,786	0.009800	2,036	WRENTHAM	2,189,160	0.013660	29,882
38	METHUEN	12,951,840	0.018320	237,278				
39					Total	383,151,988		7,383,960
					Composite Tax Rate for Calendar Year		1.90%	

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-1: Please provide a copy of any agreement between the Maine PUC and Northern Utilities/Bay State Gas for the refund due customers for billing infractions.

Response: Please see the following information:

- a) Attachment RR-USWA-1 (a) a copy of Maine Public Utilities Commission Docket No. 2002-101 dated January 16, 2004.
- b) Attachment RR-USWA-1 (b) a revision to Attachment 1 of Maine Public Utilities Commission Docket No. 2002-101 dated February 10, 2004.

Patricia M. French
Senior Attorney
Legal

January 16, 2004

VIA E-FILE AND OVERNIGHT MAIL

Dennis L. Keschl, Administrative Director
Maine Public Utilities Commission
242 State Street, State House Station 18
Augusta, Maine 04333

Re: Docket No. 2002-101

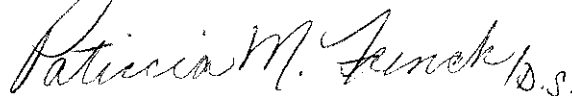
Dear Mr. Keschl:

On behalf of the Office of Public Advocate and Northern Utilities, Inc. (together, "the Parties"), I am pleased to enclose for filing an original and two (2) copies of the Parties' Stipulation designed to resolve all the issues presented in Docket 2002-101.

Please confirm your receipt of this submission by stamping the enclosed copy of this letter and returning it to me in the envelope provided.

Thank you for your assistance. Please do not hesitate to telephone me with any questions or concerns.

Very truly yours,



Patricia M. French

Enc.

cc: Wayne Jortner, Esq., Office of the Public Advocate

**Northern Utilities, Inc.
Docket No. 2002-101
Stipulation**

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-101

January 16, 2004

Bay State Gas Company
D.T.E. 05-27
Attachment RR-USWA-1 (a)
Page 3 of 48

NORTHERN UTILITIES, INC.
Investigation of Complaints Regarding
Northern's Billing Practices

STIPULATION

The Maine Division of Northern Utilities, Inc. ("Northern") and the Office of Public Advocate ("Public Advocate") (collectively "the Parties") hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to settle all issues in this proceeding, to avoid the need for a hearing on those issues and to expedite the Commission's consideration and resolution of this proceeding. The provisions agreed to herein have been reached as a result of discussions and negotiations among the Parties, with the active participation of the Commission Staff.

II. BACKGROUND

On March 5, 2002, the Maine Public Utilities Commission ("Commission") initiated this proceeding to investigate Northern's use of estimated bills and the circumstances surrounding Northern's use of estimated bills. The Commission also indicated that it would investigate the appropriateness of back bills. Investigation of Complaints regarding Northern's Billing Practices ("Billing Investigation"), *Order Opening Investigation*, Docket No. 2002-101 (Mar. 5, 2002). The Commission stated that the complaints associated with Northern's billing system appeared similar and concluded that it would be appropriate to resolve all the complaints in one proceeding.

The history of this proceeding is as follows:

On March 5, 2002, the Commission issued a Notice of Investigation ("Notice"), which opened a docket for this proceeding, assigning Docket No. 2002-101. The Notice included requests for additional information from Northern.

On March 12, 2002, the Public Advocate intervened in the proceeding.

On March 15, 2002, the New Hampshire Public Utilities Commission, a state agency that regulates Northern's operations in New Hampshire, filed a Petition to Intervene.

On March 18, 2002, Northern responded to the information requests made by the Commission in the Notice opening the investigation.

On March 20, 2002, the Commission held the Initial Case Conference and Technical Conference in Augusta, Maine. The Public Advocate and the NH Public Utilities Commission were granted intervenor status. Central Maine Power Company and Maine Natural Gas Corporation were granted limited intervenor status.

On April 5, 2002, Northern filed with the Commission the Direct Testimony of Stephen H. Bryant, Vice President of Regulatory and Government Policy. Two rounds of discovery were issued and answered in the form of data request responses related to Mr. Bryant's prefiled Testimony.

On April 10, 2002, Northern filed its comments concerning the process for the remainder of the Commission's investigation.

On April 11, the Public Advocate filed comments on Northern's proposal for improvement of its billing practices, as contained in the Direct Testimony of Stephen H. Bryant.

On April 23, 2002, the Commission issued a Procedural Order, which indicated the Staff's need for additional information and outlined the next steps in the process. The Procedural Order also contained a list of additional estimated billing complaints, which were added to the proceeding.

On April 26, 2002, the Staff filed Advisors' Data Request Set 1. Northern replied to all thirty-seven requests in filings made on May 6, May 7, and May 8, 2002.

On May 8, 2002, the Staff filed Advisors' Data Request Set 2 for Northern to respond to at the second technical conference on May 9, 2002. Northern filed its complete written responses to the four requests on May 16, 2002.

On May 9, 2002, the Commission held a second Technical Conference ("Hearing") in this docket.

On May 16, 2002, Northern responded to record requests issued during the Hearing.

On July 18, 2002, Northern filed a letter updating the Staff with the most current information regarding the Company's continued review and, where appropriate, changes to policy or procedure related to billing.

On March 18, 2003, the Examiner's Report was issued.

On April 2, 2003, the Public Advocate filed Exceptions to the Examiner's Report.

On April 2, 2003, Northern filed its Motion for Ruling on Scope and Suspension of Procedural Schedule.

On May 16, 2003, the Commission, in response to Northern's April 2, 2003 Motion, issued an Order Clarifying Scope and Inviting Further Process ("May 16, 2003 Order"). This Order directed Staff to further explain the claimed violations and proposed remedies provided in its March 18, 2003 Report.

On June 18, 2003, the Supplemental Examiner's Report was issued.

On July 1, 2003, Northern filed a request for process, as allowed by the Commission's May 16, 2003 Order. Northern requested a suspension of the procedural schedule to allow the parties to pursue a settlement of the disputed issues.

On July 2, 2003, the Commission issued Procedural Order Granting Suspension of the Procedural Schedule.

Following the issuance of the Supplemental Examiner's Report and the July 2, 2003 Order Suspending the Procedural Schedule, Staff and the Parties discussed the potential of settling the issues in the docket. A series of in-person and telephonic settlement conferences have taken place and additional extensions of time have been requested and granted in an effort to allow continued discussions and negotiations. In each of these meetings, Northern presented, and the Parties discussed, its plan for

correcting the performance issues that gave rise to the investigation. Settlement discussions took place between the Parties, with the participation of Staff, regarding possible resolution of the issues in the proceeding. As a result of those discussions, the Parties agreed that Northern would provide bill credits to certain defined customers, would resolve individual customer complaints and would implement policies designed to increase the number of actual meter readings obtained and the issuance of accurate bills using those actual meter readings. These agreements are reflected in this Stipulation.

III. STIPULATION PROVISIONS

A. The Parties to this Stipulation agree and recommend that the Commission approve this Stipulation and in doing so find and order as follows:

1. Actual Meter Reads: Between January 1, 2000 and July 31, 2003, Northern was either unable to obtain (i.e., Long No Reads) or rejected an actual meter reading (i.e., Rejected Read) for a period of greater than 6 months, which resulted in a rebill higher than the sum of estimated bills, for approximately 1,400 metered accounts.¹ This inability to either obtain or use an actual meter reading was not the result of extreme weather condition, emergency, equipment failure, work stoppage or other similar circumstances. Therefore, the Parties agree that a remedy for past performance should be given certain customers and a new mechanism should be instituted to ensure improved future performance by Northern.

a) Regarding prospective Rejected Reads, during this investigation Northern has implemented billing policies and procedures that it continues to refine, that are designed to reduce the incidence of estimated bills that result from rejected actual meter reads. The Parties recognize that the data provided to reflect the improvements generated by this policy is ambiguous and requires further tracking to determine whether Northern has made significant improvement in this aspect of its operations.

¹ This Stipulation excludes Long No Read or Rejected Read customers where the rebill resulted in a bill credit.

Accordingly, the Parties agree to address the Rejected Reads issue as part of a service quality plan proposed in Docket No. 2002-140. Specifically, Northern will implement a service quality measure designed to address the incidence of estimated bills that result from rejected actual meter reads. This measure is referred to in the proposed Settlement and Service Quality Plan in Docket No. 2002-140 as Actual Meter Reads Used.

b) Regarding prospective Long No Reads, if an actual meter reading is unattainable during the Company's normally scheduled on-cycle meter reading process, Northern commits to follow its Interim Meter Reading Strategy as generally set forth in Attachment 2 of this Stipulation.² If it appears that Northern will be unsuccessful in obtaining an actual meter read within 12 months from the previous actual meter reading, and Northern is otherwise unable to turn off gas at the meter, Northern will file with the Commission a timely request for exemption from Chapter 81 as permitted under Commission Rules. The Parties recognize that the data provided to reflect the improvements generated by this policy is ambiguous and requires further tracking to determine whether Northern has made significant improvement in this aspect of its operations. Accordingly, the Parties also agree to address this issue as part of Docket No. 2002-140. Specifically, Northern will implement a service quality measure designed to address the incidence of Long No Reads. This measure is referred to in the proposed Settlement and Service Quality Plan in Docket No. 2002-140 as Long No Reads.

c) Northern commits to continually re-evaluate its long-no-read situation where it faces chronic access problems.

² The Parties recognize that the specific actions necessary to address chronic Long No Reads may vary over time as the use of technology and management practices change. Therefore, the Long No Read plan set forth in the Interim Meter Reading Strategy may be subject to minor revisions from time to time.

2. Billing Credit for Certain Rebill Amounts. In order to provide a remedy for its past performance regarding Rejected Reads and Long No Reads, Northern will implement a customer-specific billing credit for Eligible Customers that is based on the difference between what the customer was originally billed using a series of estimated meter reads versus what the customer was rebilled using an actual meter read.

a) Definition of Eligible Customer. Customers may be eligible for a billing credit if all of the following conditions are met:

(1) Regarding Long No Read customers, the customer received metered natural gas distribution service from Northern between January 1, 2000 and July 31, 2003; and

(2) Before July 31, 2003, the customer received bills based on estimated meter readings for a period that totaled greater than 12 consecutive months; and

(3) The customer received a make-up bill for an amount greater than that originally billed.

OR

(4) Regarding Rejected Read customers, the customer received metered natural gas distribution service from Northern between January 1, 2000 and July 31, 2003; and

(5) Before July 31, 2003, the customer received estimated bills for a period that totaled greater than six (6) consecutive months even though Northern had obtained an actual meter reading; and

(6) The customer received a make-up bill for an amount greater than that originally billed.

b) Application to past and current balances. Northern will apply all bill credits for Eligible Customers first to past due or presently due balances.

c) Process to Provide Billing Credit. Northern agrees to provide the billing credit to Eligible Customers in accordance with Attachment 1 of this Stipulation (i.e., Bill Credit Process).

3. Resolution of Commission Complaints. As part of the resolution of the issues before the Commission, Northern has ensured that each of the individual complaints filed with the Commission, which meet the eligibility criteria set forth in Section A.2.a, above, has been settled to CAD's satisfaction, and that there are no outstanding issues to be resolved with respect to each of these individual, eligible complainants. See Attachment 3 of the Stipulation for a list of eligible and ineligible CAD case numbers addressed in Docket No. 2002-140. All ineligible CAD cases that are excluded from this Stipulation are being addressed between CAD and the Company on a case-by-case basis outside Docket No. 2002-140. Northern agrees to provide the billing credit to all eligible complainants in a manner consistent with both Attachment 1 of this Stipulation and the CAD's normal complaint procedures. In accepting this Stipulation, the parties request that the Commission recognize the joint efforts of Northern and CAD to determine a reasonable resolution of all eligible complaints in a consistent manner, but agree that this Stipulation does not prohibit the Commission from reviewing individual customer appeals of these determinations.

4. Billings and Collections Activities. The Parties agree that it is reasonable for Northern to activate its billings and collections activities for all accounts frozen under the Commission's March 1, 2002 Order and May 8, 2002 procedural conference. All accounts will be billed using the rates in effect at the time of consumption, not at the time of billing. Customers will be afforded a reasonable period of time to pay amounts

owed to the Company, commensurate with the time in which these amounts accrued, if warranted.

5. Customer Read Notification. Northern agrees that it shall redesign its customer read notification (card) program, as shown in Attachment 4, to reference a 24-hour IVR number for a call-in meter reading.

6. Final Report. Northern agrees to provide a final report to the Commission and Parties following the completion of its Rebill Process showing the bill credit amounts and accounting treatment of credits paid to all customers covered by this Stipulation.

7. Other. Consistent with this Stipulation:

a) Northern commits to institute and ensure compliance with and enforcement of the internal billing exceptions and metering processes that continue to evolve as a result of this investigation;

b) Northern commits to ensure that employees understand fully the Maine regulations and make sure that lump sum billing is not used in Maine;

c) Northern has, in conjunction with CAD, reviewed its CIS to ensure complete customer records are available as required by Chapter 81;

d) Northern commits to report on or before December 15, 2004 on its evaluation of the use of Automatic Meter Reading in Maine, as compared to its New Hampshire distribution system and Bay State Gas Company's Massachusetts distribution systems, particularly as it applies to chronic Long No Read locations; and

e) Northern commits to institute and ensure continuous training on the appropriate bill analysis and cycle reading methods to ensure compliance with Chapter 81.

8. Effective Date. The agreements made by Northern in this Stipulation shall be put into effect no later than thirty (30) days from the date such agreements are approved by the Commission in writing.

9. In General.

a) Stipulation as Integrated Document. This Stipulation represents the full agreement between all Parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.

b) Non-Precedential Effect. The Stipulation shall not be considered legal precedent, nor shall it preclude a party from raising any issues in any future proceeding or investigation on similar matters subsequent to this proceeding.

c) Record. The record on which the Commission may base its determination whether to accept and approve this Stipulation shall include this Stipulation, the responses to the Notice of Investigation information requests filed with the Commission on or about March 18, 2002, the prefiled Testimony of Stephen H. Bryant filed on or about April 4, 2002, the responses to record requests and Advisory Staff Data Requests submitted by Northern in May, 2002, the Hearing Examiner's Report of March 18, 2003, the Supplemental Hearing Examiner's Report of June 18, 2003, and the updated schedules provided to the Parties and the Staff on October 1, November 5, and December 12, 2003.

d) Staff Presentation of Stipulation. The Parties to the Stipulation hereby waive any rights that they have to the extent necessary to permit the Advisory Staff to make any report, proposed findings or recommendations regarding this Stipulation and/or the resolution of this case without providing a copy in writing in advance to the Parties with an opportunity to submit a response or exceptions thereto.

Jan. 16. 2004 9:26AM ME. OPA

Bay State Gas Company
No. 8342 D.T.E. 05-27

Attachment RR-USWA-1 (a)

Page 12 of 48

Docket No. 2002-101

Stipulation

Page 10 of 10

of this case without providing a copy in writing in advance to the
Parties with an opportunity to submit a response or exceptions
therefo.

NORTHERN UTILITIES, INC.

BY:

ITS:

SENIOR ATTORNEY DATE

NSOURCE CORPORATE SERVICES

OFFICE OF THE PUBLIC ADVOCATE

BY:

ITS:

Senior Counsel

DATE

1/16/04

**Northern Utilities, Inc.
Docket No. 2002-101
Stipulation
Attachment 1**

**Northern Utilities, Inc.
Maine Division
Billing Investigation
Docket No. 2002-101
Stipulation
Attachment 1**

**Summary of Proposed Settlement:
Bill Credit Calculation Processes**

Parties to Proposed Settlement:

Office of Public Advocate ("OPA") and Northern Utilities, Inc. (Maine Division) ("Northern") (together, the Parties).

Description of Settlement Outcome:

Customers who received bills based on estimated reads for a period longer than six months and whose meter was actually read at some point during that period but the actual meter read was rejected by the Company (rejected actual reads), will receive a full refund for the amount rebilled beyond six months prior to the issuance of the rebill. The Company is able to fully collect any rebill amounts that occurred within six months of the issuance of the rebill for these customers.

Customers who received bills based on estimated reads for a period longer than 12 months whose meter was never actually read (long-term no reads), are eligible for a full refund for all amounts rebilled beyond 12 months prior to the issuance of the rebill. The Company is able to fully collect rebill amounts for these customers (long period no reads) that occurred within 12 months of the issuance of the rebill.

Rationale for Proposed Settlement:

The rationale for the six-month threshold for refunds related to rejected actual reads developed out of differences in interpretation relative to Chapter 81's provisions regarding how frequently a utility may issue an estimated bill. One reading is that Chapter 81 of the Commission's rules allows a utility to bill a customer for previously unbilled service *up to* 12 months prior to the issuance of the make-up bill. A second reading of the rule concludes that the estimated billing provisions were not intended to allow utilities to issue a year's worth of successive estimated bills for significant numbers of customers. The Parties agree that Northern had not acted reasonably when it failed to use actual meter readings that it had obtained in a timely manner for a substantial number of accounts since January 1, 2000, thereby perpetuating estimated billings for those customers.

In the situation of the rejected actual reads, Northern concedes that it was responsible for failing to process billing exceptions, including verifying the accuracy of the rejected meter reads, in a timely manner to avoid billing error. Because the Parties could not resolve the ambiguity of Chapter 81 as to what length of time is acceptable for a utility to issue successive estimated bills, the Parties agreed to "split the difference," allowing Northern to collect for service used only six months prior to the issuance of the make-up bill as opposed to 12 months prior to the issuance of the make-up bill as the most liberal reading of the rule might allow.

The rationale for providing a credit to customers who had actual bills rejected and not to customers who went long periods with no read for the 7 – 12 month time period is that access to customer meters (or the lack thereof) was often a cause of the long-term no-read. Consequently, the customer bore some responsibility for the problem. Whereas, in situations where Company rejected actual reads, responsibility for the error resides primarily with the Company.

Problem:

For some customers who are eligible for a credit, Northern compressed the period for which the customer received a re-bill to the previous six-month period to simplify the bill calculation process. This complicates the process of ascertaining proper credit amounts because the amount of gas used by a customer varies month to month, depending upon environmental conditions as well as customer consumption habits. No one CIS Query is capable of identifying all of the customers to whom credits are owed or correctly calculating the credit amount due to the different billing history scenarios for all of the customers included in this investigation.

Goal:

Design a method or combination of methods that most equitably and efficiently identifies the customers that may be eligible for a credit and calculates a reasonable and appropriate credit amount.

General Considerations and Observations:

- A. A large number of customers to be assessed - over 1,400;
- B. The investigation covers more than 3.5 years;
- C. There are a number of different ways to view the distribution of incremental rebill amounts;
- D. Company estimates that an actual rebill would require an average of one hour per customer account to rebill these accounts because of the necessity to review each bill manually;

- E. Manually working each account may or may not increase a given customer's credit;
- F. Directly crediting accounts is likely to result in some customer confusion and dissatisfaction regardless of method used;
- G. Confused customers will likely call Company and/or the CAD (i.e., approximately 20 minutes per call);
- H. Additional customer confusion will likely strain the Company's ability to improve customer relations; and
- I. Approximately 30% of all customers eligible for credit are no longer active.

Credit Determinations:

A combination of three different methods is necessary to identify an appropriate and reasonable credit amount for each customer. The method for determining the credit amount is:

Step 1: Establish A Baseline List of Customers

Includes all customers that took service between January 1, 2000 and July 31, 2003 who received rebills based on estimated reads for greater than seven (7) consecutive months.

Step 2: Differentiate Between Rejected Actual Reads and Long No Reads

Step 3: Screen Out Ineligible Customers

Exclude all Long-No-Read customers who received an incremental rebill amount based on between 7-12 months worth of estimated meter reads.

Step 5: Employ Methods 1, 2, 3 and 4 to Ascertain Appropriate and Reasonable Credit Amounts

1. Method 1

Under Method 1, the Company will credit eligible customers whose rebill amounts were correctly allocated over the estimated billing period the sum of the incremental rebill amounts that are attributable to service rendered more than 6 months prior to the issuance of the rebill.

Method 1 uses the CIS-generated data as the basis for establishing customer billing credit amounts for those eligible customers who received correctly allocated rebill amounts. The credit is the incremental amount, e.g. the difference between the estimated billings and the recalculated rebill amount.

2. Method 2

Under Method 2, eligible customers whose rebill amounts were incorrectly allocated over the estimated billing period will be credited the reallocated incremental rebill amounts attributable to service rendered more than 6 months prior to the issuance of the rebill.

As part of Method 2, differentiate between those customers whose incremental rebill amounts are less than the respective predetermined (settlement) threshold amounts (i.e., < \$150 for residential and < \$350 for non-residential customers) based on results of Methods 1 & 2 from those customers whose rebill amounts exceed the predetermined (settlement) threshold amounts.

If this amount is < \$150 for residential and < \$350 for non-residential customers, the rebill amount will be equally allocated over the rebill period and the customer will be credited for all incremental rebill amounts attributable to service rendered more than 6 months prior to the issuance of the rebill. Credits for eligible customers whose incremental rebill amount exceeds the threshold amounts will be determined using Method #3 below.

Method 2 reallocates the CIS-generated rebill amount for those eligible customers who did not receive a correctly allocated rebill amount, by dividing the total customer rebill amount by the number of estimated bills the customer received.

3. Method 3

Unlike Method 2, Method 3 both recalculates and reallocates the total customer rebill amount by running the revised actual metered usage through the Company's customer-specific billing algorithm via the CIS Test System.

Method 3 reallocates the CIS-generated rebill amount for those eligible customers whose estimated incremental rebill amounts as

determined in Method 2 were greater than the respective threshold amounts.

4. Inactive Customers

Refunds will be provided to inactive customers who were otherwise eligible to receive a credit pursuant to the above methods, upon verification of their status in response to the newspaper ad.

**Northern Utilities, Inc.
Docket No. 2002-101
Stipulation
Attachment 2**

Northern Utilities, Inc. Maine Division Interim Meter Reading Strategy - Long Term No Reads

**Docket No. 2002-101
Revised December 4, 2003**

Northern Utilities, Inc.

Maine – Interim Meter Reading Strategy - Long Term No Reads

Initiatives

- Read meters during traditional and non traditional hours to:
 - A. Eliminate existing 224 long term no reads > 12 months - COMPLETED.
 - B. Significantly reduce the number of meters not actually read over 6 months in Maine.
- Implement ongoing process to eliminate 12+ month calculates by obtaining an actual read, or terminating service after meeting PUC requirements (letters, outbound call).

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Read meters during traditional and non traditional hours.

Project Goal		
Eliminate existing 224 long term no reads > 12 months.	COMPLETED	
Initiative Description		
<p>Situation</p> <ul style="list-style-type: none"> • 224 meters without actual reading for over 12 months. • Over 90% of long term no reads are in Portland area. • Obligated to obtain an actual meter read no less than once every 12 mos. • Commission supports termination of service if proper steps are taken. <p>Recommended Action</p> <ul style="list-style-type: none"> • Eliminate no reads by obtaining actual reads on Saturdays or customer appointments via knob cards and an outbound calling program. • Utilization of overtime • Attempt personal contact no later than October 18 • If unable to obtain actual reading, then document attempts/customer contacts and proceed with termination of service in accordance with Chapter 81 rules. Note: Company will also comply with applicable moratorium rules. 		

Read meters during traditional and non traditional hours to eliminate existing 224 long term no reads > 12 months.

October 2003						
Sun	Mon	Tues	Wed	Thurs	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
			Outbound call			
12	13	14	15	16	17	18
			Outbound call			
19	20	21	22	23	24	25
			Termination Letter			
26	27	28	29	30	31	

October 11-18 (Saturday)

- Attempt 12+ no reads by existing meter readers
- Leave "Call Us Please" card

October 14-17 & 20-24

- Outbound Calls to make appointment to obtain actual reading

Read meters during traditional and non traditional hours to eliminate existing 224 long term no reads > 12 months.

A Door Knob card for customer to call and schedule appointment

A



We could not gain access to your gas meter today to obtain a meter reading.
The Maine Public Utility Commission Service Standards require us to obtain periodic actual meter readings to verify accurate billing to customers.
Please call our office at 1-800-552-8464 so that we can make arrangements to read the meter.
We appreciate your cooperation and understanding.

Phone:

Date:

Time ☐ A.M. ☐ P.M.



Northern Utilities
Natural Gas
A NSource Company

FORM G-2200-28 12-98

Northern Utilities, Inc.
Docket No. 2002-101
Stipulation
Attachment 2

Outbound Calling Program – Meter Reading Long Term No Reads

INTRODUCTION

*"I'm calling on behalf of Northern Utilities. May I speak to
(customer name)?"*

(NOTE: If the customer is not there, request to speak with an adult who resides there.)

*"We've been unable to read your gas meter at (address) for a
number of months so we are calling to schedule a convenient time
to have that done."*

(GET CUSTOMER OR ADULT RESIDENT TO COMMIT TO A
TIME/DAY AND TAKE A READ ORDER, PREFERABLY FOR
SATURDAY).

IF CUSTOMER RESISTS SETTING AN APPOINTMENT, POLITELY
SHARE:

*"State regulations require Northern Utilities to secure an actual
meter reading. If we cannot have access to the meter, we have to
begin procedures to shut off the gas service. We're calling to help
avoid that situation." GET APPOINTMENT.*

IF THEY REFUSE, GO TO #3A.

IF THEY SET APPOINTMENT, GO TO #2.

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Outbound Calling Program – Meter Reading Long Term No Reads

2. PERMANENT ARRANGEMENTS

2a. First Option

"In order to avoid inconveniencing you like this in the future, we'd like to suggest some permanent arrangements many customers have made with us. Would you be willing to provide us with a key?"

NOTE: Any questions relative to security use these facts:

- Keys are kept under lock and key
- Keys are tagged with a special code, not your address.....only company knows where keys work
- Meter Readers always knock hard and are careful about dirt

IF YES, ADVISE THE CUSTOMER THAT WE WILL PICK UP THE KEY AND HAVE AN AUTHORIZATION CARD WHEN WE COME TO READ THE METER. NOTE READ ORDER TO PICK UP KEY, GO TO 3c.

IF NO, GO TO 2b.

2b. Second Option

"If you are uncomfortable leaving a key with us, we have a number of customers who leave keys with immediate neighbors. Would you be willing to do that, and the neighbor can let our Meter Reader in?"

IF YES, SECURE NAME/ADDRESS OF NEIGHBOR AND NOTE ON READ ORDER, GO TO 3c.

IF NO, GO TO 2c. (Last Option).

2c. Last Option

"The only thing we can do is see if there is a consistent time of the day or day of the week when someone is home, and we'll see if we can resequence your meter reading in our routes to match that time and day."

SEE IF THERE IS A REGULAR DAY/TIME. NOTE ON READ ORDER. IF ADVISE CUSTOMER THAT WE'LL LOOK AT WHETHER RESEQUENCING WILL WORK OR NOT – NO GUARANTEE. GO TO 3c.

IF NO, GO TO 3b.

Outbound Calling Program – Meter Reading Long Term No Reads

2. CLOSING

3a. Close Without Appointment

"Thank you for your time. If you have any questions or wish to reconsider a scheduled time convenient to you, please call Northern Utilities at XXX-XXX-XXXX. Goodbye."

3b. Close With Appointment, But No Permanent Arrangement

"Thank you for your time. To reconfirm our appointment to read your meter, I have scheduled for an employee to arrive (give date and timeframe). If you wish to reconsider providing a key to us or a neighbor, please call the following number XXX-XXX-XXXX. Have a good day"

3c. Close With Appointment & Permanent Key Arrangements

"Great, I will note the order for your scheduled appointment that we should :

1. Pick up key

or

2. Be able to have the neighbor let us in in the future.

Thank you for your time. If there are any questions, please call XXX-XXX-XXXX. Have a good day. Goodbye."

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Termination Letter

14-DAY

DISCONNECTION NOTICE

PLEASE GIVE THIS MATTER YOUR IMMEDIATE ATTENTION

DATE

Name

Mailing Address

City, State, ZIP

Street Address of Gas Service: Service Address

Account # XXXXXXXX

Your gas service is scheduled for disconnection on XXXXXXXXXX or within (10) business days of that date because you failed to provide access to your premises to obtain a meter reading.

You can avoid disconnection by scheduling a date and time for the Company to do the necessary maintenance and read your meter (any Monday through Friday). We will make every effort to schedule the work for a date and time that is convenient to you.

Disconnection can be postponed due to a medical emergency. There is a medical emergency when a registered physician certifies that the customer or occupant is seriously ill or has a medical condition that would be seriously aggravated by lack of gas service. While initial certification of a medical emergency may be made by telephone, a physician must confirm the certification in writing within 7 days.

If you dispute the disconnection of your gas service, please call 1-800-552-3044 between the hours of 7:00 a.m. and 5:30 p.m. Monday-Friday or Saturday 9:00 a.m. and 2:00 p.m. If we cannot resolve the issue, you have a right to submit the dispute to the Consumer Assistance Division, Maine Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, ME 04333-0018, by telephone at 1-800-452-4699, or by e-mail at <http://www.state.me.us/mpuc/CAD/compform.htm>

If your service is disconnected, there is a charge of \$ 12.50 for reconnection during our normal business hours and a charge of \$ 18.00 for after-hours reconnection.

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Post Termination Letter

Date: _____

Customer: _____

Account No. _____

Your gas service was disconnected because you failed to provide access to your premises to enable the company to read your gas meter.

You must provide the company with access to your gas meter before your service can be restored. You will be charged a reconnection fee of \$ 12.50 for reconnection during our regular business hours of 8a.m. to 4:30 p.m. and \$ 18.00 for reconnection at other times.

Service will be reconnected for up to thirty (30) days due to a medical emergency. There is a medical emergency when a registered physician certifies that the customer or occupant is seriously ill or has a medical condition that will be seriously aggravated by lack of electric service. While initial certification may be made by telephone, a physician must certify the emergency in writing within 7 days.

If you dispute the disconnection of your gas service or want to discuss terms for reconnection of your gas service, please call us at 1-800-552-3044. If we cannot resolve this matter, you have the right to submit this dispute to the Consumer Assistance Division (CAD), of the Public Utilities Commission, 242 State Street, State House Station 18, Augusta, ME 04333-0018. You can call the CAD at (207) 287-3831 or toll free at 1-800-452-4699. Before you call or write the Commission, you must give us a chance to respond to your dispute.

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Bay State Gas Company
D.T.E. 05-27
Attachment RR-USWA-1 (a)
Page 29 of 48

**CONFIDENTIAL -
FOR SETTLEMENT DISCUSSIONS**

Read meters during traditional and non traditional hours.

Project Goal

Significantly reduce the number of meters not actually read for over 6 months in Maine

Initiative Description

Situation

- 990 meters without actual reading for over 6 months.
- Over 90% of long term no reads are in Portland area.
- Obligated to obtain an actual meter read no less than once every 12 mos.
- Commission supports termination of service if proper steps are taken.

Recommended Action

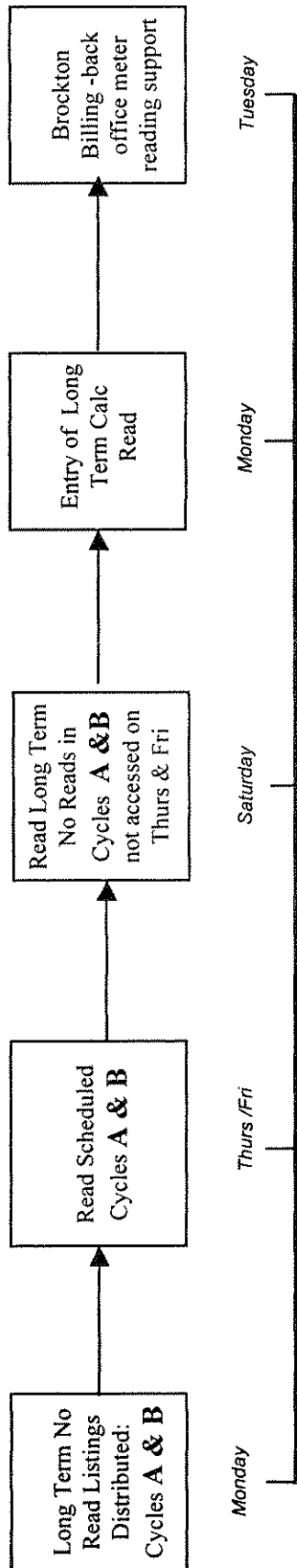
- Add one meter reader to the full-time complement – responsibilities to include on-cycle reads as well as long term no reads during non-traditional hours
- Eliminate no reads by obtaining actual reads on Saturdays or customer appointments
- Utilization of overtime
- Schedule attempts to read meters during billing window or during non peak order scheduling.

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Read meters during traditional and non traditional hours to significantly reduce the number of meters not actually read for over 6 months in Maine.

Near Term Long No Read – Weekly Process



Criteria	Tasks	Tasks	Tasks
<ul style="list-style-type: none"> • A is Thursday route • B is Friday route • Long term no reads over 6 months 	<ul style="list-style-type: none"> • Leave door knob card B- "return on Saturday" 	<ul style="list-style-type: none"> • Leave door knob card A- "call for appointment" 	<ul style="list-style-type: none"> Cycle A & B long term no reads <u>actually</u> read on <u>Saturday</u> • enter Read on pick-up screen for account to bill Cycle A & B long term no reads <u>not</u> actually read on <u>Saturday</u> • CIS Remarks : no read • Order Take -- access refused
	<ul style="list-style-type: none"> • On-line exceptions • Over/under read adjustments • Revenue adjustments • Customer communication • Bill issued 		

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

CONFIDENTIAL – FOR SETTLEMENT DISCUSSIONS

Read meters during traditional and non traditional hours to significantly reduce the number of meters not actually read for over 6 months in Maine.

Schedule – Odd Routes

November 2003						
Sun	Mon	Tues	Wed	Thurs	Friday	Satur
						1
2	3	4	5	6 Cycle 4	7 Cycle 5	8
9	10	11	12	13 Cycle 9	14 Cycles 10,11,12	15
16	17	18	19	20 Cycle 17	21 Cycles 18, 19	22
23	24	25	26	27	28	29

Cycles/Odd Routes Missed:

**Cycle 2 Cycle 3 Cycle 7
Cycle 8 Cycle 13 Cycle 14**

Northern Utilities, Inc.
Docket No. 2002-101
Stipulation
Attachment 2

January 2004						
Sun	Mon	Tues	Wed	Thurs	Friday	Satur
				1	2 Cycle 1	3
4	5	6	7	8 Cycle 5	9 Cycle 6	10
11	12	13	14	15 Cycle 10	16 Cycle 11	17
18	19	20	21	22 Cycle 15	23 Cycle 16	24
25	26	27	28	29 Cycle 20	30	31

Schedules for all cycles have not been identified – details are being worked out.

Read meters during traditional and non traditional hours to significantly reduce the number of meters not actually read for over 6 months in Maine.

Schedule – Even Routes

December 2003						
Sun	Mon	Tues	Wed	Thurs	Friday	Satur
	1	2	3	4 Cycle 4	5 Cycle 5	6
7	8	9	10	11 Cycle 9	12 Cycle 10	12
14	15	16	17	18 Cycle 14	19 Cycle 15	20
21	22	23	24 Cycles 18,19	25	26	27
28	29	30	31			

Cycles/Even Routes Missed:

**Cycle 1 Cycle 2 Cycle 3 Cycle 6 Cycle 7
Cycle 8 Cycle 11-13 Cycle 16-17 Cycle 20**

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

February 2004						
Sun	Mon	Tues	Wed	Thurs	Friday	Satur
					30	31
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

Note: The company will update it's meter reading schedule for even routes as soon as possible.

Schedules for all cycles have not been identified – details are being worked out.

Near term: Initiative to read meters during traditional and non traditional hours to reduce 6+ month calculates.

(A)



We could not gain access to your gas meter today to obtain a meter reading.
The Maine Public Utility Commission Service Standards require us to obtain periodic actual meter readings to verify accurate billing to customers.
Please call our office at 1-800-552-8464 so that we can make arrangements to read the meter.
We appreciate your cooperation and understanding.

Phone: _____

Date: _____ Time: ☐ A.M. ☐ P.M.



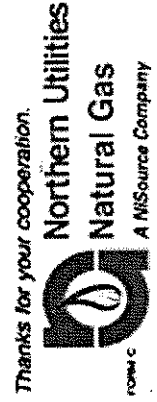
(B)

Sorry To Have Missed You!

We were unable to read your gas meter today.
For billing accuracy it is important that we obtain a meter reading on a regular basis.

Our meter reader will be back:

Day/Date: _____



Read meters during traditional and non traditional hours to: A.) Eliminate existing 224 long term no reads > 12 months; and B.) Significantly reduce the number of meters not actually read over 6 months in Maine.

Example of Long Term No Read Report for customers who have not received actual read in 12 months or greater. Additional reports are available for 6 and 9 month long term no read accounts.

**Sample Long No Read Report Deleted For
Filing Purposes
Contains Customer-Specific Information**

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Implement ongoing process to eliminate 12+ month calculates by obtaining an actual read, or terminating service after meeting PUC requirements (letters, outbound call).

Project Goal
To provide accurate billing to customers validated by periodic actual meter readings

Initiative Description
<p>Situation</p> <ul style="list-style-type: none"> • Obligated to obtain an actual meter read no less than once every 12 mos. • Commission supports termination of service if proper steps are taken. • Revenue loss due to credit adjustments for undercalculates > 12 mos. <p>Recommended Action</p> <ul style="list-style-type: none"> • Add one meter reader to the full-time complement – responsibilities to include on-cycle reads as well as long term no reads during non-traditional hours. • Refine process to provide customers with long term calculate meters with letters and an outbound call, and establish process to terminate service if customers have not provided access for meter reading within required intervals. Note: Company will comply with applicable moratorium rules. <p>Note: The company is still in the process of analyzing the economics of automatic meter reading as a tool to help address the above stated goal.</p>

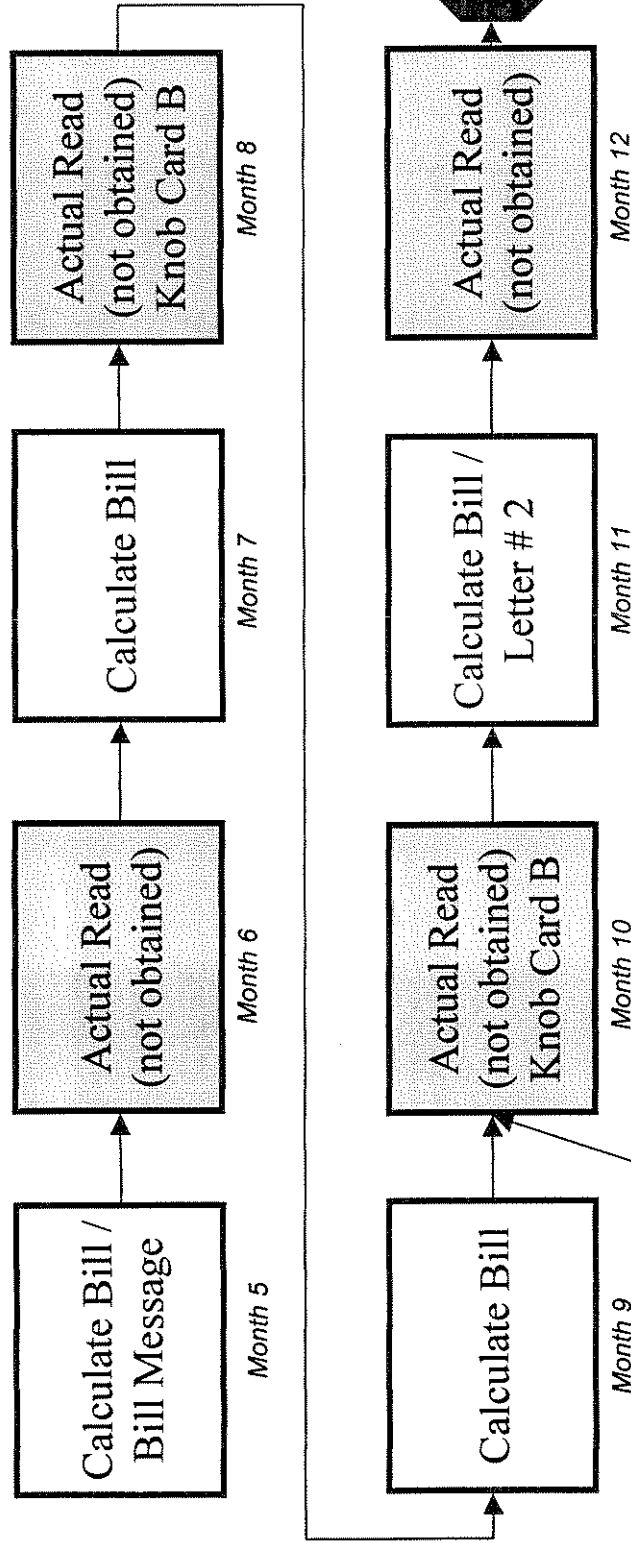
Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

CONFIDENTIAL – FOR SETTLEMENT DISCUSSIONS

Implement ongoing process to eliminate 12+ month calculates by obtaining an actual read, or terminating service after meeting PUC requirements (letters, outbound call).

Long-term Calculated Meter Reading Process



Implement ongoing process to eliminate 12+ month calculates by obtaining an actual read, or terminating service after meeting PUC requirements (letters, outbound call).

B

Door Knob card notifying customer we will return on Saturday to obtain actual read of meter


B

Sorry To Have Missed You!

We were unable to read your gas meter today.
For billing accuracy it is important that we obtain a meter reading on a regular basis.

Our meter reader will be back:

Day/Date: _____

Thanks for your cooperation.

Northern Utilities
Natural Gas
A NiSource Company

Implement ongoing process to eliminate 12+ month calculates by obtaining an actual read, or terminating service after meeting PUC requirements (letters, outbound call).

Letter # 1



Date: _____

Name _____

Account # _____

Service Address _____

Dear _____

We have been unable to read your gas meter at _____ for over 8 months despite repeated attempts.

The Maine Public Utility Commission Service Standards require us to obtain periodic actual meter readings to verify accurate billing to customers.

Please call us at _____ so that we can make arrangements to read the meter.

We appreciate your cooperation and understanding.

Sincerely,
Northern Utilities

Outbound Calling Program – Meter Reading Long Term No Reads

INTRODUCTION

"I'm calling on behalf of Northern Utilities. May I speak to (customer name)?"

(NOTE: If the customer is not there, request to speak with an adult who resides there.)

"We've been unable to read your gas meter at (address) for a number of months so we are calling to schedule a convenient time to have that done."

(GET CUSTOMER OR ADULT RESIDENT TO COMMIT TO A TIME/DAY AND TAKE A READ ORDER, PREFERABLY FOR SATURDAY).

IF CUSTOMER RESISTS SETTING AN APPOINTMENT, POLITELY SHARE:

"State regulations require Northern Utilities to secure an actual meter reading. If we cannot have access to the meter, we have to begin procedures to shut off the gas service. We're calling to help avoid that situation." GET APPOINTMENT.

IF THEY REFUSE, GO TO #3A.

IF THEY SET APPOINTMENT, GO TO #2.

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Outbound Calling Program – Meter Reading Long Term No Reads

2. PERMANENT ARRANGEMENTS

2a. First Option

"In order to avoid inconveniencing you like this in the future, we'd like to suggest some permanent arrangements many customers have made with us. Would you be willing to provide us with a key?"

NOTE: Any questions relative to security use these facts:

- Keys are kept under lock and key
- Keys are tagged with a special code, not your address.....only company knows where keys work
- Meter Readers always knock hard and are careful about dirt

IF YES, ADVISE THE CUSTOMER THAT WE WILL PICK UP THE KEY AND HAVE AN AUTHORIZATION CARD WHEN WE COME TO READ THE METER. NOTE READ ORDER TO PICK UP KEY, GO TO 3c.

IF NO, GO TO 2b.

2b. Second Option

"If you are uncomfortable leaving a key with us, we have a number of customers who leave keys with immediate neighbors. Would you be willing to do that, and the neighbor can let our Meter Reader in?"

IF YES, SECURE NAME/ADDRESS OF NEIGHBOR AND NOTE ON READ ORDER, GO TO 3c.

IF NO, GO TO 2c. (Last Option).

2c. Last Option

"The only thing we can do is see if there is a consistent time of the day or day of the week when someone is home, and we'll see if we can resequence your meter reading in our routes to match that time and day."

SEE IF THERE IS A REGULAR DAY/TIME. NOTE ON READ ORDER. IF ADVISE CUSTOMER THAT WE'LL LOOK AT WHETHER RESEQUENCING WILL WORK OR NOT – NO GUARANTEE. GO TO 3c.

IF NO, GO TO 3b.

CONFIDENTIAL – FOR SETTLEMENT DISCUSSIONS

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Outbound Calling Program – Meter Reading Long Term No Reads

2. CLOSING

3a. Close Without Appointment

"Thank you for your time. If you have any questions or wish to reconsider a scheduled time convenient to you, please call Northern Utilities at XXX-XXX-XXXX. Goodbye."

3b. Close With Appointment, But No Permanent Arrangement

"Thank you for your time. To reconfirm our appointment to read your meter, I have scheduled for an employee to arrive (give date and timeframe). If you wish to reconsider providing a key to us or a neighbor, please call the following number XXX-XXX-XXXX. Have a good day"

3c. Close With Appointment & Permanent Key Arrangements

"Great, I will note the order for your scheduled appointment that we should :

1. Pick up key

or

2. Be able to have the neighbor let us in in the future.

Thank you for your time. If there are any questions, please call XXX-XXX-XXXX. Have a good day. Goodbye."

Northern Utilities, Inc.

Docket No. 2002-101
Stipulation
Attachment 2

Implement ongoing process to eliminate 12+ month calculates by obtaining an actual read, or terminating service after meeting PUC requirements (letters, outbound call).

Letter # 2

14-DAY

DISCONNECTION NOTICE

PLEASE GIVE THIS MATTER YOUR IMMEDIATE ATTENTION

DATE

Name

Mailing Address

City, State, ZIP

Street Address of Gas Service: Service Address

Account # XXXXXXX

Your gas service is scheduled for disconnection on XXXXXXXXXX or within (10) business days of that date because you failed to provide access to your premises to obtain a meter reading.

You can avoid disconnection by scheduling a date and time for the Company to do the necessary maintenance and read your meter (any Monday through Friday). We will make every effort to schedule the work for a date and time that is convenient to you.

Disconnection can be postponed due to a medical emergency. There is a medical emergency when a registered physician certifies that the customer or occupant is seriously ill or has a medical condition that would be seriously aggravated by lack of gas service. While initial certification of a medical emergency may be made by telephone, a physician must confirm the certification in writing within 7 days.

If you dispute the disconnection of your gas service, please call 1-800-552-3044 between the hours of 7:00 a.m. and 5:30 p.m. Monday-Friday or Saturday 9:00 a.m. and 2:00 p.m. If we cannot resolve the issue, you have a right to submit the dispute to the Consumer Assistance Division, Maine Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, ME 04333-0018, by telephone at 1-800-452-4699, or by e-mail at <http://www.state.me.us/mpuc/CAD/compform.htm>

If your service is disconnected, there is a charge of \$ 12.50 for reconnection during our normal business hours and a charge of \$ 18.00 for after-hours reconnection.

Northern Utilities, Inc.


Docket No. 2002-101
Stipulation
Attachment 2

**Northern Utilities, Inc.
Docket No. 2002-101
Stipulation
Attachment 3**

Northern Utilities, Inc.
Billing Investigation
Customer Complaint Summary Sheet
Cases Included In Settlement

Line #	Date Complaint Opened	Customer Name	Type	Case No.	Account Status	Settlement Amount
1	11/13/00		Res	9377	Inactive	\$576
2	03/21/01		Com	9828	Active	\$11,366
3	06/07/01		Res	10149	Active	\$246
4	07/13/01		Res	10378	Inactive	\$1,303
5	08/08/01		Com	10629	Active	\$2,527
6	09/14/01		Res	10910	Inactive	\$1,245
7	09/19/01		Res	10951	Inactive	\$233
8	10/29/01		Res	11286	Active	\$411
9	10/30/01		Res	11310	Inactive	\$838
10	11/09/01		Com	11418	Inactive	\$1,469
11	02/25/02		Res	12068	Active	\$662
12	03/08/02		Res	12174	Active	\$261
13	03/22/02		Res	12345	Active	\$400
14	03/27/02		Res	12398	Inactive	\$143
15	04/03/02		Res	12446	Active	\$1,043
16	04/12/02		Res	12549	Active	\$200
17	04/25/02		Res	12670	Active	\$92
18	05/01/02		Res	12748	Active	\$750
19	06/06/02		Res	13045	Inactive	\$1,312
20	06/12/02		Com	13111	Inactive	\$183
21	06/26/02		Res	13233	Inactive	\$41
22	07/16/02		Res	13364	Active	\$135
23	07/17/02		Res	13387	Active	\$296
24	07/17/02		Res	13534	Active	\$1,943
25	08/20/02		Res	13606	Active	\$57
26	09/03/02		Com	13683	Active	\$838
27	08/09/02		Res	13728	Active	\$225
28	11/13/02		Res	14208	Inactive	\$437
29	11/21/2002		Res	14273	Active	\$945
30	12/19/2002		Res	14423	Active	\$150
31	1/28/2003		Res	14594	Active	\$864
32			Res	15631	Inactive	\$159
33			Com	15424	Active	\$750
34	6/26/2003		Res	15333	Inactive	\$879
35			Res	15745	Active	\$23
36						
37	Settlement Total					\$33,000

Northern Utilities, Inc.
Billing Investigation
Customer Complaint Summary Sheet
Cases Excluded From Settlement

Line #	Date Complaint Opened	Customer Name	Type	Case No.	Account Status	Settlement Amount
1	08/15/01		Res	10689	Inactive	\$50
2	03/18/02		Res	12283	Active	TBD
3	03/22/02		Res	12349	Active	TBD
4	04/11/02		Res	12535	Active	TBD
5	04/11/02		Res	12539	Inactive	\$233
6	05/02/02		Res	12766	Inactive	\$410
7	05/28/02		Com	12980	Active	\$850
8	05/30/02		Res	13000	Active	TBD
9	06/13/02		Res	13134	Active	\$125
10	07/09/02		Com	13314	Inactive	TBD
11	05/24/02		Res	12960	Active	\$225
12	08/26/02		Res	13642	Active	<u>\$200</u>
13						
14	Total As of 10-31-03					\$2,093

**Northern Utilities, Inc.
Docket No. 2002-101
Stipulation
Attachment 4**

Northern Utilities, Inc.

Maine Division

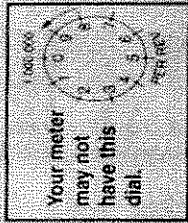
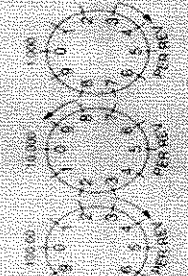
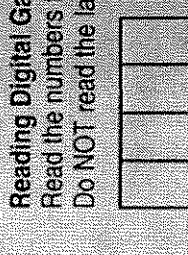
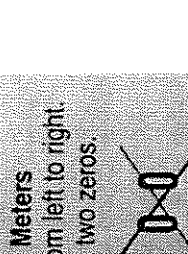




Northern Utilities, Inc.
Docket No. 2002-101
Stipulation
Attachment 4

Sample Door Knob card notifying customer to call in actual meter reading

Our meter reader was not able to gain admittance to read your gas meter.
Please read your gas meter and call the phone number below as soon as
possible so that we do not have to estimate this month's billing.

PLEASE CALL 1-800-552-3043

HOW TO READ YOUR GAS METER: Each dial has a hand pointing to numbers.
Read those numbers from left to right. If a hand is between two numbers, read the
lower number EXCEPT when the hand is between 0 and 9. In this case read the
number 9.

Your meter may not have this dial.				Reading Digital Gas Meters			
							
							
							
							

GIVE US THE FOLLOWING INFORMATION WHEN YOU CALL.

Account No.	Date	Meter No.
Meter Reading	Date or Meter Read	

SN638

Patricia M. French
Senior Attorney
Legal

300 Friberg Parkway
Westborough, MA 01581
(508) 836.7394
Fax: (508) 836.7039
pfrench@nisource.com

February 10, 2004

VIA ELECTRONIC AND OVERNIGHT MAIL

Dennis L. Keschl, Administrative Director
State of Maine
Public Utilities Commission
242 State Street, State House Station 18
Augusta, Maine 04333

Re: Northern Utilities, Inc., Docket No. 2002-101

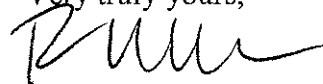
Dear Mr. Keschl:

Based on recent discussions, the Parties have identified yet a further clarification that is required in Attachment 1 to the Billing Investigation Stipulation filed in this docket. In particular, the clarification fully describes the service rendered to eligible customers in Step 4, Methods 1 and 2, on pages 4 and 5 of Attachment 1. The modifications to the document are provided in a redlined version and also in a clean version.

Accordingly, please accept for filing in the above docket the enclosed REVISED (2/10/04) Attachment 1.

Thank you for your assistance. Please do not hesitate to telephone me with any questions.

Very truly yours,



Patricia M. French

cc: Carol MacLennan, Esq., Hearing Examiner
Derek Davidson, Director CAD
Wayne Jortner, Esq., ME OPA

REDLINED VERSION

REVISED (2/10/04) ATTACHMENT 1

Northern Utilities, Inc.
Maine Division
Billing Investigation
Docket No. 2002-101
Stipulation
Attachment 1 (REVISED 02-0310-04)

Summary of Proposed Settlement:
Bill Credit Calculation Processes

Parties to Proposed Settlement:

Office of Public Advocate ("OPA") and Northern Utilities, Inc. (Maine Division) ("Northern") (together, the Parties).

Description of Settlement Outcome:

Customers who received bills based on estimated reads for a period longer than six months and whose meter was actually read at some point during that period but the actual meter read was rejected by the Company (**rejected actual reads**), will receive a full refund for the amount rebilled beyond six (6) months prior to the issuance of the rebill. The Company is able to fully collect any rebill amounts that occurred within six (6) months of the issuance of the rebill for these customers.

Customers who received bills based on estimated reads for a period longer than twelve (12) months whose meter was never actually read (**long-term no reads**), are eligible for a full refund for all amounts rebilled beyond twelve (12) months prior to the issuance of the rebill. The Company is able to fully collect rebill amounts for these customers (long period no reads) that occurred within twelve (12) months of the issuance of the rebill.

Rationale for Proposed Settlement:

The Parties recognize that the credit proposed to be provided to eligible customers that had rejected actual reads is different from the refund that is proposed for those that had long-term no reads. The rationale for the six-month threshold for refunds related to rejected actual reads developed out of differences in interpretation relative to Chapter 81's provisions regarding how frequently a utility may issue an estimated bill. One reading is that Chapter 81 of the Commission's rules allows a utility to bill a customer for previously unbilled service *up to* 12 months prior to the issuance of the make-up bill. A second reading of the rule concludes that the estimated billing provisions were not intended to allow utilities to issue a year's worth of successive estimated bills for significant numbers of customers. The Parties agree that Northern had not acted reasonably when it failed to use actual meter readings that it had obtained in a

timely manner for a substantial number of accounts since January 1, 2000, thereby perpetuating estimated billings for those customers.

In the situation of the rejected actual reads, Northern concedes that it was responsible for failing to process billing exceptions, including verifying the accuracy of the rejected meter reads, in a timely manner to avoid billing error. Because the Parties could not resolve the ambiguity of Chapter 81 as to what length of time is acceptable for a utility to issue successive estimated bills, the Parties agreed to "split the difference," allowing Northern to collect for service used only six months prior to the issuance of the make-up bill as opposed to 12 months prior to the issuance of the make-up bill as the most liberal reading of the rule might allow.

The rationale for providing a credit to customers who had actual bills rejected and not to customers who went long periods with no read for the 7 – 12 month time period is that access to customer meters (or the lack thereof) was often a cause of the long-term no-read. Consequently, the customer bore some responsibility for the problem. Whereas, in situations where Company rejected actual reads, responsibility for the error resides primarily with the Company.

Problem:

For some customers who are eligible for a credit, Northern compressed the period for which the customer received a re-bill to the previous six-month period to simplify the bill calculation process. This complicates the process of ascertaining proper credit amounts because the amount of gas used by a customer varies month to month, depending upon environmental conditions as well as customer consumption habits. No one CIS Query is capable of identifying all of the customers to whom credits are owed or correctly calculating the credit amount due to the different billing history scenarios for all of the customers included in this investigation.

Goal:

Design a method or combination of methods that most equitably and efficiently identifies the customers that may be eligible for a credit and calculates a reasonable and appropriate credit amount.

General Considerations and Observations:

- A. A large number of customers to be assessed - over 1,400;
- B. The investigation covers more than 3.5 years;
- C. There are a number of different ways to view the distribution of incremental rebill amounts;

- D. Company estimates that an actual rebill would require an average of one hour per customer account to rebill these accounts because of the necessity to review each bill manually;
- E. Manually working each account may or may not increase a given customer's credit;
- F. Directly crediting accounts is likely to result in some customer confusion and dissatisfaction regardless of method used;
- G. Confused customers will likely call Company and/or the CAD (i.e., approximately 20 minutes per call);
- H. Additional customer confusion will likely strain the Company's ability to improve customer relations; and
- I. Approximately 30% of all customers eligible for credit are no longer active.

Credit Determinations:

A combination of three different methods is necessary to identify an appropriate and reasonable credit amount for each customer. The method for determining the credit amount is:

Step 1: Establish A Baseline List of Customers

Includes all customers that took service between January 1, 2000 and July 31, 2003 who received rebills based on estimated reads for greater than seven (7) consecutive months.

Step 2: Differentiate Between Rejected Actual Reads and Long No Reads

Step 3: Screen Out Ineligible Customers

Exclude all Long-No-Read customers who received an incremental rebill amount based on between 7-12 months worth of estimated meter reads.¹

¹ The remaining eligible customers who will receive a full credit for the appropriate rebilled amount, as determined in the Stipulation, include: (1) all customers who received bills based on estimated reads for a period longer than six (6) months and whose meter was actually read at some point during that period but the actual meter read was rejected by the Company (**rejected actual reads**), and (2) all customers who received bills based on estimated reads for a period longer than twelve (12) months whose meter was never actually read (**long-term no reads**).

Step 4: Employ Methods 1, 2, 3 and 4 to Ascertain Appropriate and Reasonable Credit Amounts

1. Method 1

Under Method 1, the Company will credit eligible customers whose rebill amounts were correctly allocated over the estimated billing period the sum of the incremental rebill amounts that are attributable to service rendered more than 6 months prior to the issuance of the rebill for rejected actual read customers and more than 12 months prior to the issuance of the rebill for long term no read customers.

Method 1 uses the CIS-generated data as the basis for establishing customer billing credit amounts for those eligible customers who received correctly allocated rebill amounts. The credit is the incremental amount, e.g. the difference between the estimated billings and the recalculated rebill amount.

2. Method 2

Under Method 2, eligible customers whose rebill amounts were incorrectly allocated over the estimated billing period will be credited the reallocated incremental rebill amounts attributable to service rendered more than 6 months prior to the issuance of the rebill for rejected actual read customers and more than 12 months prior to the issuance of the rebill for long term no read customers.

As part of Method 2, differentiate between those customers whose incremental rebill amounts are less than the respective predetermined (settlement) threshold amounts (i.e., < \$150 for residential and < \$350 for non-residential customers) based on results of Methods 1 & 2 from those customers whose rebill amounts exceed the predetermined (settlement) threshold amounts.

If this amount is < \$150 for residential and < \$350 for non-residential customers, the rebill amount will be equally allocated over the rebill period and the customer will be credited for all incremental rebill amounts attributable to service rendered more than 6 months prior to the issuance of the rebill for rejected actual read customers and more than 12 months prior to the issuance of the rebill for long term no read customers. Credits for eligible

customers whose incremental rebill amount exceeds the threshold amounts will be determined using Method #3 below.

Method 2 reallocates the CIS-generated rebill amount for those eligible customers who did not receive a correctly allocated rebill amount, by dividing the total customer rebill amount by the number of estimated bills the customer received.

3. Method 3

Unlike Method 2, Method 3 both recalculates and reallocates the total customer rebill amount by running the revised actual metered usage through the Company's customer-specific billing algorithm via the CIS Test System.

Method 3 reallocates the CIS-generated rebill amount for those eligible customers whose estimated incremental rebill amounts as determined in Method 2 were greater than the respective threshold amounts.

4. Inactive Customers

Refunds will be provided to inactive customers who were otherwise eligible to receive a credit pursuant to the above methods, upon verification of their status in response to the newspaper ad.

CLEAN VERSION

REVISED (2/10/04) ATTACHMENT 1

Northern Utilities, Inc.
Maine Division
Billing Investigation
Docket No. 2002-101
Stipulation
Attachment 1 (REVISED 02-10-04)

Summary of Proposed Settlement:
Bill Credit Calculation Processes

Parties to Proposed Settlement:

Office of Public Advocate ("OPA") and Northern Utilities, Inc. (Maine Division) ("Northern") (together, the Parties).

Description of Settlement Outcome:

Customers who received bills based on estimated reads for a period longer than six months and whose meter was actually read at some point during that period but the actual meter read was rejected by the Company (**rejected actual reads**), will receive a full refund for the amount rebilled beyond six (6) months prior to the issuance of the rebill. The Company is able to fully collect any rebill amounts that occurred within six (6) months of the issuance of the rebill for these customers.

Customers who received bills based on estimated reads for a period longer than twelve (12) months whose meter was never actually read (**long-term no reads**), are eligible for a full refund for all amounts rebilled beyond twelve (12) months prior to the issuance of the rebill. The Company is able to fully collect rebill amounts for these customers (long period no reads) that occurred within twelve (12) months of the issuance of the rebill.

Rationale for Proposed Settlement:

The Parties recognize that the credit proposed to be provided to eligible customers that had rejected actual reads is different from the refund that is proposed for those that had long-term no reads. The rationale for the six-month threshold for refunds related to rejected actual reads developed out of differences in interpretation relative to Chapter 81's provisions regarding how frequently a utility may issue an estimated bill. One reading is that Chapter 81 of the Commission's rules allows a utility to bill a customer for previously unbilled service *up to* 12 months prior to the issuance of the make-up bill. A second reading of the rule concludes that the estimated billing provisions were not intended to allow utilities to issue a year's worth of successive estimated bills for significant numbers of customers. The Parties agree that Northern had not acted reasonably when it failed to use actual meter readings that it had obtained in a

timely manner for a substantial number of accounts since January 1, 2000, thereby perpetuating estimated billings for those customers.

In the situation of the rejected actual reads, Northern concedes that it was responsible for failing to process billing exceptions, including verifying the accuracy of the rejected meter reads, in a timely manner to avoid billing error. Because the Parties could not resolve the ambiguity of Chapter 81 as to what length of time is acceptable for a utility to issue successive estimated bills, the Parties agreed to "split the difference," allowing Northern to collect for service used only six months prior to the issuance of the make-up bill as opposed to 12 months prior to the issuance of the make-up bill as the most liberal reading of the rule might allow.

The rationale for providing a credit to customers who had actual bills rejected and not to customers who went long periods with no read for the 7 – 12 month time period is that access to customer meters (or the lack thereof) was often a cause of the long-term no-read. Consequently, the customer bore some responsibility for the problem. Whereas, in situations where Company rejected actual reads, responsibility for the error resides primarily with the Company.

Problem:

For some customers who are eligible for a credit, Northern compressed the period for which the customer received a re-bill to the previous six-month period to simplify the bill calculation process. This complicates the process of ascertaining proper credit amounts because the amount of gas used by a customer varies month to month, depending upon environmental conditions as well as customer consumption habits. No one CIS Query is capable of identifying all of the customers to whom credits are owed or correctly calculating the credit amount due to the different billing history scenarios for all of the customers included in this investigation.

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As part of Method 2, differentiate between those customers whose incremental rebill amounts are less than the respective predetermined (settlement) threshold amounts (i.e., < \$150 for residential and < \$350 for non-residential customers) based on results of Methods 1 & 2 from those customers whose rebill amounts exceed the predetermined (settlement) threshold amounts.

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Unlike Method 2, Method 3 both recalculates and reallocates the total customer rebill amount by running the revised actual metered usage through the Company's customer-specific billing algorithm via the CIS Test System.

Method 3 reallocates the CIS-generated rebill amount for those eligible customers whose estimated incremental rebill amounts as determined in Method 2 were greater than the respective threshold amounts.

4. Inactive Customers

Refunds will be provided to inactive customers who were otherwise eligible to receive a credit pursuant to the above methods, upon verification of their status in response to the newspaper ad.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-2: Was there a settlement agreement between the Maine PUC and Northern Utilities/Bay State Gas as a result of the PUC's management audit?

Response: Yes. The Company provided a copy of the agreement in response to UWUA 1-08.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-4: Please provide the number of customer contacts at each walk-in center for calendar year 1999, compiled and calculated in the same manner as similar data provided in response to USWA-2-2.

Response: The Company did not record the number of customer contacts at each walk-in center for calendar year 1999, only for 2000 as represented in USWA 2-2. This data was compiled in anticipation of the closings.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-5: Where did the employees in the Brockton and Springfield walk-in centers go when the centers were closed? What job duties did they perform that were transferred to other positions in Brockton and to the Springfield Contact Center?

Response: When the walk-in centers were closed, employees retired, severed, or obtained other positions in the Company. The duties they performed were redirected to various departments as described below:

To Brockton Central Cash and Data Entry – All transactions such as: field collector collections; payments mailed to each division; Welfare and Fuel Assistance check depositing. Customers were directed to other payment channels, such as payment agencies, lockbox and Intelli-check debit transactions.

To the Springfield Contact Center – Customer inquiries (formerly walk-in inquiries), Cromwell Waiver transactions, Sales Tax Exemption forms coordination, and customer calls not able to be handled by the division auto attendant.

To Revenue Recovery – Commercial & Industrial application follow-up, fraud investigations, New Hampshire and Maine Fuel Assistance & Welfare commitment records.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-6: When did the Company upgrade its interactive voice-response system in the Call Center?

Response: The Company upgraded its interactive voice-response (IVR) system in April of 2002.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-7: When did the Company introduce the online call-aid feature in the Call Center?

Response: The Company introduced the on-line call aid in January of 2002.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-8: When was the current call switch installed at the Springfield call center?
What technology and/or software is used to track whether or not calls are
answered in 30 seconds, and how does the Company track this SQL
measure?

Response: The current call switch was installed in December of 2003. The Company
uses the Genesys reporting system software in conjunction with the
Avaya telephone system to track SQL information.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-USWA 14: In reference to USWA 2-13, which indicates the number of employees at the Call Center from 1999 to the present, please provide the date of each year in which this information was based.

Response: From 1999 through 2004, December 31 of each year was used in developing the table for USWA-2-13. In 2005, the date was May 31.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE UWUA LOCAL 273

D.T.E. 05-27

Date: July 20, 2005

Responsible: Stephen H. Bryant, President

RR-UWUA-2: Does the Company have a record of any complaints (in the 2002 time period) from the following: Alan Semple or Semple Construction; Jim O'Brien, aka JBO Corporation; or Ed Daly, aka Grove Realty or Lincoln Realty, about delays in installing service lines or the price that the Company charges for installation of new services?

Response: The Company has no record of complaints concerning the aforementioned individuals or companies.

In October 2004, the Company developed and introduced a formal customer complaint log, to track customer issues/concerns and to ensure problem resolution. Attachment UWUA-1-22 provided copies of the 13 complaints received through June 22, 2005, when UWUA 1-22 was submitted.

Mr. William St. Cyr, Operations Manager, Brockton division of Bay State, recalls the Elms project, a small housing subdivision in Hanover, MA, in which Mr. Jim O'Brien (mentioned above) was involved. Mr. St. Cyr's recollection of Mr. O'Brien's complaint was in his failed attempt at obtaining a road-opening permit from the town to tie into the existing gas main across the street. The town's winter moratorium on road opening permits had begun and Mr. O'Brien was upset. Bay State eventually tied Mr. O'Brien into a smaller nearby main to provide service through the winter.

Company records on Semple Village in Attleboro, MA, chronicle the internal work flow process and communication with the Semples, but does not indicate any problems with the account.

There is no Company record of any complaint from Mr. Ed Daly, Grove Realty or Lincoln Realty.